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Final revision

PRINCIPAL OFFICIALS IN THE EXECUTIVE BRANCH

Appointed January 20-
April 20, 1961

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Rules and Regulations

Title 46—SHIPPING

Chapter II—Federal Maritime Board, Maritime Administration, Depart- ment of Commerce

SUBCHAPTER G—EMERGENCY OPERATIONS

[General Order 75, 2d Rev.]

PART 308—WAR RISK INSURANCE

The preamble to this part and Subparts A, B, C, and D, appearing in the FEDERAL REGISTER, issue of April 27, 1960 (25 F.R. 3624), and subparts E and F appearing in the FEDERAL REGISTER, issue of February 28, 1957 (22 F.R. 1175), are hereby amended to read as follows:

Under Title XII of the Merchant Marine Act, 1936, as amended, 46 U.S.C. 1281-1294 (section 1202(a)), the Secretary of Commerce, with the approval of the President, may provide insurance against loss or damage by war risks whenever it appears to the Secretary that such insurance adequate for the needs of the water-borne commerce of the United States cannot be obtained on reasonable terms and conditions from companies authorized to do an insurance business in a State of the United States. The President, on October 9, 1950, authorized the Secretary of Commerce to provide war risk insurance whenever it appears to the Secretary that the conditions prescribed in said section 1202(a) exist.

Pursuant to a statutory finding by the Secretary of Commerce as to inadequacy of commercial war risk insurance "as of the outbreak of war between any of the four Great Powers (France, Great Britain, and/or any of the British Commonwealth of Nations, the Union of Soviet Socialist Republics, the United States of America)" resulting in the automatic termination of commercial war risk insurance policies 48 hours thereafter (under the then Automatic Termination Clauses in such policies) and, pursuant to a delegation of authority to the Maritime Administrator from the Secretary of Commerce to perform the functions vested in the Secretary of Commerce by Title XII, Merchant Marine Act, 1936, as amended, the Maritime Administrator, on September 16, 1952, authorized the issuance of war risk insurance specified in sections 1203 (a), (d), (e), and (f) of said Title XII for the interim period between the time commercial insurance terminated through the operation of such Automatic Termination Clauses and the time a full wartime insurance program is placed in effect.

Effective October 1, 1959, the Automatic Termination Clauses in commercial war risk insurance policies were modified to provide for the termination of coverage thereunder "upon the outbreak of war or upon the inception of a hostile act or occurrence which results in a state of war (whichever may first occur and whether there be a declaration of war or not) between any member

of the North Atlantic Treaty Organization and any of the contracting parties to the Treaty of Friendship Cooperation and Mutual Assistance signed at Warsaw, May 14, 1955, or the Central People's Government of the People's Republic of China"; and accordingly on September 28, 1959 (pursuant to a delegation from the Secretary of Commerce) the Acting Maritime Administrator made the statutory finding as to inadequacy of commercial war risk insurance, effective October 1, 1959, and authorized the amendment of the Administration's war risk binders to attach simultaneously with the termination of commercial war risk insurance under the revised Automatic Termination Clauses. The binders as so amended expire June 7, 1961.

On November 23, 1959, the Maritime Administrator further found that vessels of Panamanian, Honduran and Liberian registry, when eligible under certain categories hereinafter specifically described, are deemed to be engaged in services which are in the interest of the national defense of the United States. Accordingly, on April 8, 1960, war risk insurance was made available for such vessels provided such vessels remain eligible in accordance with published regulations and also are made available to the United States Government upon request in the event of national emergency, pursuant to an unqualified Contract of Commitment in form prescribed by the Administration, both of these requirements to be warranted in the application, binder and insurance policy.

Effective June 8, 1961, the Maritime Administrator also authorized the issuance of war risk disbursements insurance pursuant to section 1203(c) of said Title XII. This insurance is obtainable in the form of additional coverage to hull insurance previously provided and is limited to consumable and subsistence stores, slop chests, bar stock and bunker fuel.

Effective March 7, 1961, the War Risk and Strikes and Automatic Termination and Cancellation Clauses in commercial war risk insurance policies were again modified to provide in part for the termination of coverage "automatically upon and simultaneously with the outbreak of war (whether there be a declaration of war or not) between any of the following countries: United States of America, United Kingdom (or any other member of the British Commonwealth), France, the Union of Soviet Socialist Republics, the People's Republic of China" and such modified clauses also exclude any claim for loss, damage or expense arising out of "any prior hostile act or acts by any of the said countries resulting in such outbreak of war and occurring within a period of 90 days preceding such outbreak of war"; and in March 1961, the Maritime Administrator made the statutory finding as to inadequacy of commercial war risk insurance from the termination of commercial war risk

coverage as aforesaid and authorized the amendment of the Maritime Administration's war risk insurance binders effective as of June 8, 1961, to provide for the attachment of such coverage simultaneously with the termination of commercial war risk coverage as above described, such amended binders to automatically expire at midnight June 7, 1962, G.m.t., unless extended or insurance thereunder shall have attached prior to that date.

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AUTHORITY: §§ 308.1 to 308.552 issued under sec. 204, 49 Stat. 1987, as amended, secs. 1202 and 1209, 64 Stat. 773 and 775; 46 U.S.C. 1114, 1282 and 1289.

Subpart A—General

§ 308.1 Eligibility of a vessel and its owner for insurance.

Interim insurance is available on any vessel specified in this subpart provided applications for interim insurance are submitted as required in Subparts B, C, and D of this part; and such vessel shall be eligible for insurance, unless the Maritime Administrator determines otherwise, within one of the following categories:

(a) A vessel registered, enrolled or licensed under the laws of the United States; any tug or barge or other watercraft (documented under the laws of the United States, or undocumented) owned by a citizen of the United States, used in essential water transportation within the territorial waters of the United States; and United States citizen-owned watercraft in the fishing trade or industry, except when used exclusively in or for sport fishing.

(b) A foreign-flag vessel under Panamanian, Honduran or Liberian registry, 1,500 gross tons and over, self-propelled, and not over twenty years of age (unless authorized by the Maritime Administration), which is subject to an unqualified Contract of Commitment with the United States in form as required by the Maritime Administration, and which is:

(1) Owned by a U.S. corporation, or a foreign corporation in which a majority of the stock is owned and controlled by United States citizens, whether direct or through intervening corporations, foreign or domestic. Where such intervening corporations are foreign, the ultimate majority ownership and control of the stock of such corporations must be vested in a citizen or citizens of the United States as defined in section

1201(d), Merchant Marine Act, 1936, as amended; or

(2) Owned by a foreign corporation which is not directly or beneficially owned by United States citizens or corporations, but which vessel is under a long-term charter or other long-term contract covering the use of the vessel on terms deemed by the Maritime Administration to subject the vessel to U.S. control in the event of emergency. The charterer of such a vessel must be either a U.S. corporation or a foreign corporation in which a majority of the stock is owned and controlled by U.S. citizens, whether direct or through intervening corporations, foreign or domestic. Where such intervening corporations are foreign, ultimate majority ownership and control of the stock of such corporations must be vested in a citizen or citizens of the United States as defined in section 1201(d), Merchant Marine Act, 1936, as amended.

(c) All other vessels will be insured at the sole discretion of the Maritime Administrator but only when engaged in a service which has been determined by the Maritime Administrator to be in the interest of the national defense or the national economy of the United States.

§ 308.2 Change in status of a vessel after interim binders have been issued.

(a) It is the intention of the parties that any breach of the warranty prescribed hereunder as to vessels in all categories with respect to compliance with Department of Commerce Transportation Orders T-1 and T-2, and the additional warranties prescribed as to vessels in categories (b) (1) and (b) (2) with respect to maintenance of eligibility for insurance, and availability of the insured vessels to the U.S. Government in time of emergency and vessels in category (c) as to operation in approved service, shall terminate the binder and any insurance attaching thereunder.

(b) In the event of the sale, demise charter, requisition, confiscation, change of flag or total loss thereof, or any other change in the status which, by the terms of the binder, causes same to terminate, prompt notice shall be given in writing to the underwriting agent that issued the binder.

§ 308.3 Applications for insurance, supporting documents and payment of binding fees.

(a) Separate applications shall be filed for war risk hull insurance, war risk protection and indemnity insurance, and Second Seamen's war risk insurance, for each vessel to be covered by such insurance. Disbursements insurance, limited to consumable and subsistence stores, slop chests, bar stock and bunker fuel, is available as added coverage upon application for war risk hull insurance. All applications for war risk hull insurance shall be accompanied by information in required form, in duplicate, relating to the vessel for use by the Maritime Administrator in determining the value thereof pursuant to Maritime Administration General Order 82, as amended from time to time, as published in the FEDERAL REGISTER.

(b) An applicant submitting more than one insurance application at the same time is only required to submit a single citizenship certificate or single set of citizenship certificates, as the case may be, pursuant to §§ 308.101, 308.201, and 308.301.

(c) Applications for war risk hull and protection and indemnity insurance in all eligible categories under this General Order, as revised shall include a warranty that at all times during the effective period of the binder and any insurance issued thereunder, the insured vessel will comply with Department of Commerce Transportation Orders T-1 and T-2 or any modification thereof so long as they remain in force; and, without prior approval of the Maritime Administration, the insured vessel will not be chartered for a period of longer than six (6) months, or for a voyage or voyages the duration of which will probably exceed six (6) months, to any person not a citizen of the United States, nor be chartered to such a non-citizen under a demise or bareboat form of charter, nor be chartered to such a non-citizen for the carriage of cargoes of any kind to or from any of the countries listed in Maritime Administration General Order 59 or any modification thereof, so long as it remains in force, or for use in the fisheries.

(d) Applications on a vessel in category (a) shall contain a warranty that at and from the date of issuance of the interim binder and for and during the term of any insurance attaching thereunder, such vessel will remain eligible within its category.

(e) In addition, on vessels in categories (b) (1) and (b) (2), the application shall contain the further warranties that at all times the vessel will remain eligible within its applicable category and that the insured vessel will be made available for use by the U.S. Government pursuant to the signed Contract of Commitment submitted with the insurance application as required by the Maritime Administration. Applications in these categories shall also be accompanied by a certified copy of any official action or approval which may be required by the government of the country of registry as a prerequisite to the execution of a Contract of Commitment with the United States.

(f) Applications for insurance on a vessel in category (c) shall contain a warranty that at all times the vessel will remain in the approved service.

(g) An application for insurance on each vessel in categories (b) (1) and (b) (2) shall be accompanied by an executed Contract of Commitment (in triplicate), in form as prescribed in § 308.5. On a vessel in either category, the applicant is also required to agree that any charter or other contract covering the use of the vessel during the period of the binder and any insurance attaching thereunder shall be subject to termination or suspension without notice in the event the United States requires the use of the vessel under the voluntary Contract of Commitment submitted by the applicant. With respect to a vessel

in category (b) (2), the application shall be jointly executed by both the owner and charterer. In the event the vessel is determined to be ineligible under the terms of this revised order, the applicants will be so advised and the executed Contract of Commitment returned by the Maritime Administration.

(h) In addition to the executed Contract of Commitment, an application for insurance on a vessel in category (b) (1) shall also be supported by citizenship certificate(s) in duplicate, in form as prescribed in § 308.4 establishing majority ownership and control of the vessel-owning corporation by U.S. citizens, whether direct or through intervening corporations, as specified in §§ 308.101, 308.201, and 308.301.

(i) An application for insurance on a vessel in category (b) (2) shall be jointly submitted by the owner and charterer, and in addition to the executed Contract of Commitment, shall also be supported by a copy of the long-term charter or other long-term contract covering the use of the vessel and all addenda, certified to be full and complete copies (except as to rate of hire or freight); and citizenship certificate(s) in duplicate, in form as prescribed in § 308.4, establishing majority ownership and control of the charterer by U.S. citizens, whether direct or through intervening corporations as specified in §§ 308.101, 308.201, and 308.301. The charterer shall also furnish the Maritime Administration with a certified copy of any subsequent amendments to such charter.

(j) With respect to a vessel considered to be under category (c) the applicant shall first submit a statement in quadruplicate describing the service of the vessel and containing the reasons such service is considered by the applicant to be in the interest of the national defense or the national economy of the United States. If the requisite finding is made by the Maritime Administrator with respect to such service, the applicant shall thereafter submit an application in form as prescribed in §§ 308.101, 308.201, and 308.301 attaching thereto a copy of the statement of service previously submitted. If, thereafter, there is a change in flag or service, a new statement of service must be submitted by applicant for the purpose of obtaining a further finding as to such new service, prior to the filing of a new application for insurance on such vessel.

(k) All insurance applications covering category (a) vessels shall be made in duplicate to the American War Risk Agency, 99 John Street, New York 38, New York, Underwriting Agent for the Maritime Administration, as prescribed in § 308.101 (War Risk Hull Insurance), § 308.201 (War Risk P & I Insurance) and § 308.301 (Second Seamen's War Risk Insurance).

(l) All other insurance applications shall be made in triplicate to the Division of Insurance, U.S. Maritime Administration, Washington 25, D.C.

(m) All requests for changes to binders and inquiries relative to the insurance after the interim binders have been issued shall be directed to the American

War Risk Agency in New York, at the above address.

(n) A check payable to the "Maritime Adm.—Commerce," for the total amount of all binding fees payable by each applicant shall accompany the applications. Binding fees are not returnable unless applications are rejected.

(o) Copies of insurance applications and the certificate prescribed for use in establishing citizenship, and the Contract of Commitment, may be obtained from the Underwriting Agent, in New York at the above address, and from the Maritime Administration, Washington, D.C.

§ 308.4 Form of certificate of citizenship.

Certificates of citizenship in the following form shall be submitted in duplicate:

Form MA-183A (3-60)

UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE

MARITIME ADMINISTRATION

CERTIFICATE OF OWNERSHIP AND CONTROL BY UNITED STATES CITIZEN—APPLICANT FOR WAR RISK INSURANCE

I, _____, _____
(Name) (Title)
of _____, am duly authorized to execute this certificate of ownership and control of said corporation by United States citizens to comply with the requirements for obtaining War Risk Insurance to cover the _____
(Panamanian, Honduran, or
Flag _____, (Type vessel)
Liberian) _____
(Vessel name) (Gross tonnage)
(Year built)
That _____ is a
(Name of corporation)
_____ corporation, owned and controlled by _____
(Country)
(Give sequence of majority ownership and control by all owning or controlling corporations or other owners, if any, and furnish full information as to each; if above space is not adequate, continue on back of this Form)
a corporation organized and existing under the laws of the State of _____
(Where incorporated)
the majority (51% or more) of the stock of which corporation is owned and controlled by citizens of the United States;
That of the stock interests shown above to be owned and controlled by United States citizens, none is held beneficially for a non-citizen.

(Name of signer)

Dated: _____, 19__

NOTE: The United States Criminal Code makes it a criminal offense for any person knowingly to make a false statement or representation to, or to conceal a material fact from, any department or agency of the United States as to any matter within its jurisdiction (18 U.S.C. 1001), or to file a false, fictitious or fraudulent claim against the United States (18 U.S.C. 287).

(Certificates of Citizenship to be submitted, in duplicate, with insurance application.)

§ 308.5 Form of voluntary Contract of Commitment.

All applications for insurance under category (b) (1) shall be accompanied by an executed Contract of Commitment, in triplicate, in the following form, executed by the vessel owner. This same form of contract (adapted to include both the vessel owner and the long-term charterer as signatories) shall be jointly executed by the owner and charterer, in triplicate, and submitted with applications for insurance under category (b) (2). All Contracts of Commitment shall be executed and submitted on standard contract forms which may be obtained from the Underwriting Agent, American War Risk Agency, 99 John Street, New York 38, New York, or from the U.S. Maritime Administration, Washington 25, D.C. (Note: effective date of Contract of Commitment will be the effective date of the binder and will be inserted by the Maritime Administration.)

Contract MA. -----

OWNER'S CONTRACT OF COMMITMENT

(Pan-Hon-Lib vessels)

This agreement, made as of -----, 19-- by and between the United States of America, acting by and through the Department of Commerce, Maritime Administration or its successor (herein called the "United States"), and -----, a corporation organized and existing under the laws of ----- (herein called the "Owner"), and having its principal place of business at -----;

WITNESSETH

Whereas, on November 23, 1959, the Maritime Administrator found that vessels in certain categories under Panamanian, Honduran or Liberian registry are engaged in services deemed to be in the interest of the national defense of the United States, and

Whereas, by reason of the aforesaid finding, such vessels became eligible for interim war risk insurance as authorized by the Maritime Administration on September 28, 1959 (24 F.R. 8093), pursuant to Title XII, Merchant Marine Act, 1936, as amended, provided such vessels maintain their eligibility at all times in compliance with the requirements of the Maritime Administration under General Order 75, as amended, including inter alia the requirement that the ship-owning corporation or the long-term charterer shall be majority-owned and controlled by United States citizens, and that such vessel shall be made available to the United States upon request in the event of national emergency, as described in Article (1) hereof, pursuant to a voluntary Contract of Commitment, and

Whereas, the Owner has applied for interim war risk insurance on the SS ----- (hereinafter called the "Vessel"),

(Official No.) (Flag) (Gross tonnage)
-----, and
(Date built)

Whereas, based upon the representations and warranties contained in the Owner's application for interim war risk insurance, it has been determined that the Vessel qualifies for such insurance within the eligibility category designated by the Owner, and the parties hereto desire to enter into a voluntary Contract of Commitment covering availability of such Vessel to the United States in the event of national emergency as described in Article (1) hereof;

Now therefore, in consideration of the premises and other good and valuable con-

siderations hereinafter set forth, the parties hereto mutually agree as follows:

(1) The Owner hereby commits itself to make the Vessel available to the United States during any period in which vessels may be requisitioned under section 902 of the Merchant Marine Act, 1936, as amended, i.e., whenever the President of the United States of America shall proclaim that the security of the national defense makes it advisable or during any national emergency which may have been declared by proclamation of the President of the United States, and expressly agrees that any charter or other contract covering the use of the Vessel during the period covered by the interim war risk insurance binder and the period of any insurance attaching thereunder shall be subject to termination or suspension without notice in the event the United States requests the use of the Vessel under this voluntary Contract of Commitment.

(2) Upon the request of the United States, acting through the Department of Commerce, Maritime Administration, or its successor, or through the Department of the Navy, pursuant to authorization from the Department of Commerce, Maritime Administration, the Vessels shall be made available as directed by such Department, whenever the Vessel may then be, whether at sea or in port, at the option of such Department, for purchase or for use (under a time or bareboat form of charter) for such period or periods of time as required by the United States.

(3) In the event the Department of the Navy exercises the authority referred to in Article (2) above, it is understood that (a) if time permits, the Maritime Administrator, upon advice by the Chief of Naval Operations, will notify the Owner and also the Master of the Vessel to make the Vessel available to Naval authority, and will also direct the Master to report to the appropriate Naval Commander for operational control or (b) if time does not permit, and the Senior Naval Commander in or for the area or his authorized representative shall have found it necessary, he will take immediate operational control of the Vessel, after which the Maritime Administrator, upon receipt of advice of such action from the Chief of Naval Operations, will confirm such action to the Owner and also to the Master; with such confirmation to be retroactive to and effective as of the day and hour when control was assumed by the Naval authorities.

(4) As soon as practicable after the United States has assumed operational control of the Vessel as aforesaid, either through the Maritime Administration directly, or through the Department of the Navy, the Maritime Administration will tender to the Owner an agreement containing the same terms and conditions upon which a vessel of the United States could be requisitioned for purchase or charter in accordance with the applicable provisions of section 902(a), Merchant Marine Act, 1936, as amended.

(5) This voluntary Contract of Commitment is not intended, nor shall it be deemed, to affect or modify in any respect the terms and obligations contained in any other agreement or contract of whatsoever nature under which the Vessel is or may hereafter become separately committed to the use of the United States during the period described in Article (1) hereof.

(6) Subject to the various warranties, agreements and representations of the Owner as contained in the Owner's application for interim war risk insurance, submitted with this Contract, the United States hereby undertakes and agrees to provide such war risk insurance on the Vessel pursuant to regulations published in the FEDERAL REGISTER ----- (General Order 75), as amended from time to time.

(7) It is the intention and understanding of the parties hereto that the period of this Contract of Commitment shall be coextensive with the period of the interim war risk insurance binder and any insurance issued thereunder.

In witness whereof, this voluntary Contract of Commitment has been executed in triplicate by the United States on the ----- day of -----, 19--, and by the Owner on the ----- day of -----, 19--.

UNITED STATES OF AMERICA,
DEPARTMENT OF COMMERCE
(MARITIME ADMINISTRATION)

By: -----

(Owner)

By: -----

(Corporate Seal)

Attest:

(Secretary)

I, -----, certify that I am the duly chosen, qualified, and acting Secretary of -----, a party to this Contract, and, as such, I am the custodian of its official records and the minute books of its governing body; that ----- who signed this Contract on behalf of said corporation, was then the duly qualified ----- of said corporation; that said officer affixed his manual signature to said Contract in his official capacity as said officer for and on behalf of said corporation by authority and direction of its governing body duly made and taken; that said Contract is within the scope of the corporate and lawful powers of this corporation.

(Secretary)

(Corporate Seal)

§ 308.6 Period of interim binders and renewal procedure.

(a) All interim binders issued in accordance with Subparts B, C, and D of this part and expiring midnight, June 7, 1961, G.m.t., are eligible for renewal, upon compliance with the requirements set forth in this part, upon the payment of binding fees as prescribed and the filing of applications in form as prescribed in §§ 308.101, 308.201, and 308.301 (standard forms of applications to be used for renewal). Applications shall be accompanied by a statement in triplicate, which sets forth the former binder number, the name of the vessel and official number and a list of the documents previously submitted with a certification of their completeness and accuracy as of the date of reapplication. In the event any previously submitted documents are no longer complete and accurate, as required, or if any required document(s) was not previously submitted, said document(s) must be submitted, attached to this statement and accompany the renewal application(s).

(b) The binders as set forth in §§ 308.106, 308.206, and 308.305, may be terminated by the assured, on written request, as of the date of receipt of such request by the Maritime Administration, Division of Insurance, Washington 25, D.C., provided insurance has not attached.

(c) All interim binders, subject to determination of eligibility by the Maritime Administration (as required) shall become effective as of the date of receipt by the Maritime Administration or its Underwriting Agent of the proper applications with necessary attachments

(as specified in § 308.3) and check for the binding fees prescribed.

(d) Interim binders issued effective on or after June 8, 1961, will automatically expire at midnight, June 7, 1962, G.M.T., unless extended or insurance thereunder shall have attached within that period.

§ 308.7 Premiums and payment thereof.

Rate to be fixed promptly upon the happening of the event causing the "American Institute War Risks and Strikes and Automatic Termination and Cancellation Clauses (Time)—Hulls—(March 7, 1961)" of any war risk policies to become operative and premium shall be payable within ten days after receipt of notice of the amount thereof by the assured. Premiums shall be paid to the Underwriting Agent that issued the binders by check payable to the order of "Maritime Adm.—Commerce." In the event that it is subsequently determined that insurance under interim binders did not attach, premiums paid will be refunded by the Maritime Administrator.

§ 308.8 War risk insurance underwriting agency agreement.

The following is the standard form of underwriting agency agreement applicable with respect to agreements made after June 7, 1961, which will be executed by the Maritime Administrator and domestic insurance companies or groups of domestic insurance companies authorized to do a marine insurance business in any States of the United States, appointing such companies or groups of companies as Underwriting Agents to issue binders and policies covering hull, protection and indemnity, and Second Seamen's war risk insurance under Subparts B, C, and D of this part:

Form MA-355 (Revised 5-61)

UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE

MARITIME ADMINISTRATION

UNDERWRITING AGENCY AGREEMENT

This Agreement, made and entered into this _____ day of _____, 19____, by and between the United States of America (herein called the "United States"), acting by the Secretary of Commerce (herein called the "Secretary"), represented by the Maritime Administrator (herein called the "Administrator"), and _____ (herein called the "Underwriting Agent"), having an office for the transaction of business at _____, an association of domestic insurance companies (herein called the "Participating Members"), each of which is authorized to do a marine insurance business in a State of the United States.

WITNESSETH

Whereas, pursuant to Title XII of the Merchant Marine Act, 1936, as amended (herein called the "act"), the Secretary is authorized under certain circumstances to provide marine insurance and reinsurance against loss or damage by the risks of war, and to employ domestic companies or groups of domestic companies authorized to do a marine insurance business in any State of the United States to act as his Underwriting Agent; and

Whereas, the Secretary has delegated authority to the Administrator to perform the functions vested in the Secretary by title

XII of the act (Section 8.01, subsection 3 of Department Order No. 117 (Revised), published in the FEDERAL REGISTER July 21, 1960, 25 F.R. 6934); and

Whereas, the Administrator has determined to employ the Underwriting Agent as an underwriting agent in providing war risk insurance as set forth in paragraphs (a), (c), (d), (e), and (f) of section 1203 of the act upon the terms and conditions herein set forth:

Now, therefore, in consideration of the premises and of the mutual covenants and agreements, and upon the terms and conditions herein set forth, the parties hereto agree as follows:

1. *Appointment of agent.* The Administrator hereby authorizes the Underwriting Agent, as an agent acting on behalf of the Administrator and not as an independent contractor, to utilize its offices and facilities to make available the insurance which the Secretary is authorized to provide pursuant to paragraphs (a), (c), (d), (e), and (f) of section 1203 of the act and to perform the functions hereinafter provided for, upon the terms and conditions hereinafter set forth and in accordance with the rules, regulations and instructions which will be issued from time to time to the Underwriting Agent by the Administrator. The Underwriting Agent hereby agrees to utilize its offices and facilities to make such insurance available, as agent for the Administrator, and to perform the functions hereinafter provided for to the best of its ability. The Underwriting Agent may act through its home office, branch offices or agencies which are authorized to write insurance on its behalf.

2. *Duties of agent.* The duties of the Underwriting Agent shall be as follows:

(a) *Receive applications and issue binders and policies.* The Underwriting Agent shall receive applications for insurance, subject to the rates and conditions specified by the Administrator upon forms prescribed by the Administrator. After determining that the applications have been submitted in complete and proper form and are accompanied by remittances in the amount of the premiums required for the insurance applied for, the Underwriting Agent shall countersign binders or policies of insurance, or both binders and policies of insurance, subject to the rules, rates, terms and conditions specified by the Administrator on forms prescribed by the Administrator. The insurer under such policies shall be the United States.

(b) *Keep records.* The Underwriting Agent shall keep a full and complete record of all applications, binders, and policies, and shall also record all premiums, charges or deposits required by the terms of the binders and policies, so that a record may be available at all times to the Administrator, both as to all applications received and all binders and policies issued, and as to all payments made by the assured in connection with such binders and policies.

(c) *Receive money and reports.* The Underwriting Agent shall receive checks made payable to the order of the Maritime Adm.—Commerce for the premiums and charges involved, which checks shall be deposited by the Underwriting Agent in the Federal Reserve Bank nearest to its office, or in such other bank as may be authorized by the Administrator to receive such deposits. The Underwriting Agent shall receive from the bank in which the deposits are made receipts therefor in such number as may be prescribed in instructions to the Underwriting Agent and handle the receipts so received in accordance with such instructions.

(d) *Report monthly.* The Underwriting Agent shall prepare a monthly report, in summary form, of all applications received,

and binders and policies issued or cancelled by the Underwriting Agent on a standard form approved by the Administrator, and transmit them, together with receipts for deposits made as above provided, to the Administrator.

(e) *Other reports.* The Underwriting Agent shall prepare and transmit such other reports as may be required by the Administrator.

(f) *Process claims for return premiums.* The Underwriting Agent shall receive from holders of policies issued by such Underwriting Agent any claims for return premiums on a standard form prescribed by the Administrator and shall certify thereon, if such is the fact, that the amounts with respect to which such return is claimed were previously paid and that based upon the statements included in such application by the assured the return premium applied for is payable in accordance with the regulations of the Administrator. Such applications and certifications shall be transmitted promptly to the Administrator.

(g) *Process claims for losses.* The Underwriting Agent shall receive reports of losses on vessels and disbursements (insured pursuant to paragraphs (a) and (c), section 1203 of the act), assemble all pertinent documents and facts relating thereto required to determine the validity of the claims, including the amounts thereof, and submit the same to the Administrator with its recommendation as to payment.

(h) *Help establish advisory committee.* The Underwriting Agent shall, if requested by the Administrator, cooperate with the Administrator to establish and maintain an advisory underwriting committee to consult with and advise the Administrator in connection with specific underwriting problems, subject to the rules, regulations and instructions of the Administrator, and to establish and maintain such other advisory committees as may be deemed necessary from time to time to safeguard the interests of the Administrator, including a loss committee to act as a recipient for information concerning losses and to pass upon any recommendations made by the Underwriting Agent as to losses and payments of claims arising therefrom in excess of an amount to be fixed by the Administrator.

3. *Compensation—(a) Fair and reasonable.* The Underwriting Agent shall receive for its services such amount as the Administrator and the Underwriting Agent may, from time to time, agree to be fair and reasonable compensation. In addition to such fair and reasonable compensation, the Underwriting Agent shall receive reimbursement for out-of-pocket expenditures reasonably incurred, meaning payments to persons not regularly employed by the Underwriting Agent but excluding payments to attorneys unless such employment has been authorized by the Administrator: *Provided, however,* That all such expenditures shall be subject to the review of the Administrator, and further provided that, except as authorized by section 1209(d) of the act, such expenditures shall not include any fee or other consideration paid to an insurance broker or any person acting in a similar intermediary capacity for services by virtue of his participation in arranging any of such insurance nor include any payment on account of solicitation for or stimulation of such insurance.

(b) *Paid monthly.* A statement of the compensation due to the Underwriting Agent (including reimbursement for out-of-pocket expenses as herein provided) shall be submitted by the Underwriting Agent to the Administrator monthly or at such other intervals as the Administrator may direct, with an appropriate voucher, and the amount of such compensation, if approved, shall be promptly paid to the Underwriting Agent.

4. *Standard of performance.* In the discharge of its duties and obligations pursuant to this Agreement, the Underwriting Agent shall conform to a standard of performance and accuracy reasonably to be expected of an insurance company in the administration of its own business and consistent with the highest degree of good faith. It is agreed, however, that the Underwriting Agent shall not be responsible for errors or omissions of agents or employees in whose selection and supervision it has exercised reasonable care, provided, however, that the Underwriting Agent, in any such case, shall have conformed to the standards of performance required hereunder, and provided further, that the Underwriting Agent assumes full and complete responsibility for the disposition of any funds received by it or its agents or employees under and pursuant to this Agreement. The exercise of reasonable care in the selection of agents and employees by the Underwriting Agent shall be deemed to include a determination by the Underwriting Agent that the agents or employees so selected are experienced in the transaction of such phases of the marine insurance business as may be delegated to such agents or employees by the Underwriting Agent.

5. *Writing insurance for own account.* It is understood that the Participating Members of the Association constituting the Underwriting Agent are or may be engaged in writing for their own account war risk insurance, as well as other types of insurance, for the benefit of holders of policies issued by the Underwriting Agent hereunder and of other parties; and it is agreed that such insurance may be written notwithstanding the activities of the Underwriting Agent hereunder on behalf of the Administrator, pursuant to this Agreement.

6. *Books and records—(a) Maintained subject to audit.* The Underwriting Agent shall keep books, records and accounts covering the operations and activities under this Agreement which shall be the property of the United States represented by the Administrator and shall be kept separate from those relating to other business of the Underwriting Agent or of the Participating Members thereof, in accordance with regulations made from time to time by the Administrator, and shall at all times be subject to audit and inspection by the Administrator.

(b) *Comptroller General may examine.* The Comptroller General of the United States or any of his duly authorized representatives shall have access to and the right to examine any pertinent books, documents, papers and records of the Underwriting Agent or of the Participating Members thereof in the performance of and involving transactions related to this Agreement.

7. *Act only as agent.* The Underwriting Agent shall act only in the capacity of agent for the Administrator as principal, in the performance of the functions provided for hereunder. The Underwriting Agent shall have no authority other than as provided in this Agreement and in the rules, regulations and instructions issued to it by the Administrator under and pursuant to this Agreement. The Underwriting Agent may accompany its signature in all binders and policies countersigned by it hereunder with a statement that, in countersigning such binders and policies, it act solely under the powers conveyed to it by the Administrator and that it does not thereby warrant its authority to accept applications for insurance or its authority to countersign, nor the authority of the Administrator to issue such binders and policies.

8. *Special circumstances—(a) Reimbursement of taxes and fees.* In the event that the Underwriting Agent or any Participating Member or Members thereof, after giving

notice to the Administrator, shall be compelled to pay to the United States, its territories or possessions, or to any State of the United States or political subdivision thereof, or to any foreign country or political subdivision thereof, any tax (excepting income taxes of every nature) or fee or interest or penalty relating thereto claimed to be due by reason of the business transacted pursuant to this Agreement and which would not have been payable except for the activities of the Underwriting Agent or any Member or Members thereof hereunder, the Administrator shall reimburse the Underwriting Agent and any Participating Member or Members thereof and for any special expenses necessarily incurred in connection therewith.

(b) *Indemnification.* If any legal suit or proceeding (whether or not based on negligence) is brought against the Underwriting Agent or any Participating Member or Members thereof on account of anything done or not done, by the Underwriting Agent or any Participating Member or Members thereof or the Administrator, in connection with the issuance or non-issuance or cancellation of insurance or the acceptance or denial of applications for binders or policies of insurance on behalf of the Administrator or the payment or non-payment of claims for loss or return premium arising hereunder (including, without in any way limiting the foregoing, anything done or not done pursuant to any rules, regulations or instructions of the Administrator or anything done or not done in conflict with or because of any limitation on the powers of the Administrator), the Administrator shall, upon due notice and at the expense of the United States, defend any such proceeding. If, in or as a result of any such legal suit or proceeding, the Underwriting Agent or any Participating Member or Members thereof be compelled or required to make any payment or incur any expense, the Administrator shall reimburse the Underwriting Agent or any Participating Member or Members thereof for the amount thereof; provided always that the Administrator shall not be obligated to make any such reimbursement unless, in connection with the action complained of, the Underwriting Agent shall have complied with the standard of performance required thereunder. In any of the foregoing cases, the Underwriting Agent shall render to the Administrator such reasonable cooperation and assistance as the Administrator may require.

9. *Effective date, amendment, termination.* This Agreement shall become effective as of the date of its execution by the Administrator and shall continue in force until terminated. This Agreement may be terminated, modified or amended at any time by mutual written consent. Once this Agreement becomes effective, it shall continue in force until terminated by mutual written consent or by either party, giving at least thirty (30) days' written notice by registered mail to the other party, stating the effective date and time on which this Agreement shall terminate. Such termination shall not affect the obligations of the parties hereto with respect to any binders or policies of insurance issued or expenditures incurred prior to the effective date of such termination.

10. *No commission or contingent fee.* The Underwriting Agent warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Underwriting Agent for the purpose of securing business. For breach or violation of this warranty the Administrator shall have the

right to annul this contract without liability or in his discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

11. *No discrimination.* In connection with the performance of work under this contract, the Underwriting Agent agrees not to discriminate against any employee or applicant for employment because of race, color, creed, or national origin; and further agrees to insert the foregoing provision in all subcontracts hereunder except subcontracts for standard commercial supplies or for raw materials.

12. *No member or delegate.* No member of or Delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

13. *Renegotiation.* This contract shall be subject to any act of the Congress, whether heretofore or hereafter enacted and to the extent indicated therein, providing for the renegotiation of said contract and shall be deemed to contain all of the provisions required by any such act without subsequent amendment of this contract specifically incorporating such provisions.

The contractor (which term as used in this sentence means the party contracting to perform the work or furnish the materials required by this contract) shall insert the provisions of this article in each subcontract and purchase order made or issued in carrying out the contract.

Nothing contained in this clause shall impose any renegotiation obligation with respect to this contract or any subcontract hereunder which is not imposed by an act of the Congress, heretofore or hereafter enacted.

14. *Participating Members—(a) Indebted to United States.* The Participating Members of the association constituting the Underwriting Agent, severally but not jointly and limited each to its participation therein, shall be indebted to the United States for such amounts as the Secretary is entitled to recover from the Underwriting Agent in accordance with the foregoing provisions and, in the event of failure to pay on demand, the Secretary may bring an action or actions in any court in the United States to recover such amount or amounts from the Participating Members, severally but not jointly, on behalf of the United States.

(b) *Change of shares.* Without cancelling this Agreement, the Participating Members of the association constituting the Underwriting Agent may, upon not less than ten (10) days' prior written notice to the Administrator, change their share of participation by agreement among themselves, including the termination of the interests of one Participating Member and the assumption of its share by one or more of the other Participating Members or by the admission of other eligible domestic insurance companies to membership in the association. Any such change of apportionment or termination of participation shall not relieve any Participating Member of its obligations in respect to matters which occurred prior to any change or termination of its interest. Unless the Underwriting Agent is notified in writing by the Administrator, within ten (10) days after receipt of notice from the Underwriting Agent, that the proposed change in participation or termination or assumption is disapproved, such change shall be understood to be acceptable to the Administrator.

In witness whereof, the parties hereto have duly executed this Agreement in quadruplicate.

cate as of the day and year first above written.

UNITED STATES OF AMERICA,
SECRETARY OF COMMERCE,
By: MARITIME ADMINISTRATOR.

(Maritime Administrator)

(Underwriting Agent)

By: _____

Attest: _____

Attest: _____

Approved as to form: _____

(Assistant General Counsel,
Maritime Administration)

I, _____, certify that I am the duly chosen, qualified, and acting Secretary of _____, a party to this Agreement, and, as such, I am the custodian of its official records and the minute books of its governing body; that _____, who signed this Agreement on behalf of said association, was then the duly qualified _____ of said association; that said officer affixed his manual signature to said Agreement in his official capacity as said officer for and on behalf of said association by authority and direction of its governing body duly made and taken; that said Agreement is within the scope of the lawful powers of this association.

Subpart B—War Risk Hull and Disbursements Insurance

§ 308.100 Amounts of insurance for which application may be made.

An applicant for war risk hull insurance shall state the amount of insurance desired but any payment of claim for damage to or actual or constructive total loss of the vessel insured shall be made as provided in § 308.103(a). An applicant desiring disbursements insurance may at his option obtain such additional insurance but any claim for loss of disbursements as a consequence of the actual or constructive total loss of the vessel insured shall be made as provided in § 308.103(c).

§ 308.101 Form of application.

Applications submitted shall be in strict accordance with the following form:

Form MA-183 (Revised 5-61)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

APPLICATION FOR WAR RISK HULL AND DISBURSEMENTS INSURANCE

Application is made for War Risk Hull Insurance and Disbursements Insurance, when so shown, pursuant to Title XII of Merchant Marine Act, 1936, as amended, and in accordance with all provisions of law and subject to all limitations thereof:

Assured(s) _____
Address(es) _____
Owner _____
Address _____
Mortgagee, if any _____
Address _____
Loss, if any, payable to _____ or order.
On _____
(Vessel's name) (Official No.)
(Flag) (Gross tonnage)

(Date built)
Hull—Sum insured _____ dollars
(\$ _____), but in the event of damage to or

actual or constructive total loss of the vessel, the insured value will be not in excess of \$_____,* which latter amount is the stated valuation of the vessel determined by the Secretary of Commerce in accordance with section 1209(a), Title XII of Merchant Marine Act, 1936, as amended. This insurance does not cover loss of disbursements (provided herein below, as additional coverage) as a consequence of the actual or constructive total loss of said vessel. It is understood that, with respect to damage to or actual or constructive total loss of the vessel, this insurance shall not exceed the "sum insured" or the "stated valuation", whichever is the lesser amount.

Disbursements (consumable and subsistence stores, slop chests, bar stock and bunker fuel) insured for _____ dollars (\$_____) against the risks of loss as a consequence of the actual or constructive total loss of the vessel insured hereunder. This insurance is optional and is provided applicants for hull insurance, as additional coverage. In the event of loss, payment of claim shall be limited to the actual value of the disbursements lost but not exceeding the amount so insured.

To attach automatically upon and simultaneously with the outbreak of war (whether there be a declaration of war or not) between any of the following countries: United States of America, United Kingdom (or any other member of the British Commonwealth), France, the Union of Soviet Socialist Republics, the People's Republic of China; upon the occurrence of any prior hostile act or acts by any of the said countries resulting in such outbreak of war and occurring within a period of 90 days preceding such outbreak of war.

To terminate thirty (30) days after the outbreak of war (whether there be a declaration of war or not) between any of the aforementioned countries.

Terms and conditions: Subject to form of policy prescribed by the Maritime Administrator, acting for the Secretary of Commerce.

The category (one only) of eligibility under which application is made must be designated.

□ (a)

A vessel registered, enrolled or licensed under the laws of the United States; any tug or barge or other watercraft (documented under the laws of the United States, or undocumented) owned by a citizen of the United States, used in essential water transportation within the territorial waters of the United States; and United States citizen-owned watercraft in the fishing trade or industry, except when used exclusively in or for sport fishing.

□ (b) (1)

A foreign-flag vessel under Panamanian, Honduran or Liberian registry, 1,500 gross tons and over, self-propelled, and not over twenty years of age (unless authorized by the Maritime Administration), which is subject to an unqualified Contract of Commitment with the United States in form as required by the Maritime Administration, and which is owned by a U.S. corporation, or a foreign corporation in which a majority of the stock is owned and controlled by United States citizens, whether direct or through intervening corporations, foreign or domestic. Where such intervening corporations are foreign, the ultimate majority ownership and control of the stock of such corporations must be vested in a citizen or citizens of the United States as defined in section 1201(d), Merchant Marine Act, 1936, as amended.

*If this valuation is not inserted when the binder is issued, it will be published in the FEDERAL REGISTER pursuant to Maritime Administration General Order 82 as amended from time to time.

□ (b) (2)

A foreign-flag vessel under Panamanian, Honduran or Liberian registry, 1,500 gross tons and over, self-propelled, and not over twenty years of age (unless authorized by the Maritime Administration), which is subject to an unqualified Contract of Commitment with the United States in form as required by the Maritime Administration, and which is owned by a foreign corporation which is not directly or beneficially owned by United States citizens or corporations, but which vessel is under a long-term charter or other long-term contract covering the use of the vessel on terms deemed by the Maritime Administration to subject the vessel to U.S. control in the event of emergency. The charterer of such a vessel must be either a U.S. corporation or a foreign corporation in which a majority of the stock is owned and controlled by U.S. citizens, whether direct or through intervening corporations, foreign or domestic. Where such intervening corporations are foreign, the ultimate majority ownership and control of the stock of such corporations must be vested in a citizen or citizens of the United States as defined in section 1201(d), Merchant Marine Act, 1936, as amended.

□ (c)

All other vessels will be insured at the sole discretion of the Maritime Administrator but only when engaged in a service which has been determined by the Maritime Administrator to be in the interest of the national defense or the national economy of the United States.

It is warranted, as to a vessel in any of the above categories, that at all times during the binder period or any period of insurance attaching thereunder, the vessel will comply with Department of Commerce Transportation Orders T-1 and T-2 or any modification thereof so long as they remain in force.

The applicant warrants as to a vessel in any eligible category of the application that, without prior approval of the Maritime Administration, the vessel will not, at any time during the binder period or any period of insurance attaching hereunder, be chartered for a period of longer than six (6) months, or for a voyage or voyages the duration of which will probably exceed six (6) months, to any person not a citizen of the United States, nor be chartered to such a non-citizen under a demise or bareboat form of charter, nor be chartered to such a non-citizen for the carriage of cargoes of any kind to or from any of the countries listed in Maritime Administration General Order 59 or any modification thereof so long as it remains in force, or for use in the fisheries.

The applicant further warrants with respect to a vessel in category (a) that at and from the date of issuance of the interim binder and for and during the term of any insurance attaching thereunder, such vessel will remain eligible within its category.

The applicant further warrants with respect to a vessel in category (b) (1) or (b) (2) that the vessel will maintain its eligibility within its applicable category at all times from and after the issuance of the interim binder, and will be made available to the United States Government upon request in the event of national emergency pursuant to the terms of the Contract of Commitment submitted herewith; and agrees, in this connection, that during the period of the binder and any insurance attaching thereunder, any charter or other contract covering the use of the vessel during such period shall be subject to termination or suspension without notice in the event the United States requires the use of the vessel under the voluntary Contract of Commitment submitted herewith.

With respect to a vessel in category (c), the applicant further warrants that at all times such vessel will remain in the approved service which the Maritime Administrator

has found to be in the interest of the national economy or the national defense of the United States.

In addition to the aforesaid warranties, the applicant submits certain statements, certificates and/or agreements which are made part of the insurance application, for vessels in the following categories:

Category (b) (1) applications: (a) An executed Contract of Commitment, in form as prescribed in § 308.5, under which applicant commits itself to make the vessel available to the U.S. Government upon request in the event of national emergency on the same terms and conditions as vessels owned by citizens of the United States are available for requisition, for title, or for use, in accordance with the provisions of section 902(a), Merchant Marine Act, 1936, as amended. In the event this insurance application is determined to be ineligible under the terms of the Maritime Administration's regulations, it is understood that the applicant will be so advised and the executed Contract of Commitment (which is submitted in consideration of the issuance of such insurance) shall be returned to applicant by the Maritime Administration.

(b) A certificate of citizenship, in duplicate, executed by the vessel owner establishing that the vessel is owned by a U.S. corporation, or that a majority of the stock of the owning corporation is owned and controlled by U.S. citizens, as defined in section 1201(d), Merchant Marine Act, 1936, as amended, whether direct or through intervening corporations, foreign or domestic. (c) Where such intervening corporations are foreign, an additional certificate in duplicate, shall be executed by each such corporation establishing that the ultimate majority ownership and control of the stock of such corporation is vested in a citizen or citizens of the United States as defined in section 1201(d), Merchant Marine Act, 1936, as amended. All citizenship certificates shall be in the form prescribed in § 308.4. (d) If prior official action or approval of the Contract of Commitment with the United States is required by the government of the country of vessel's registry as a prerequisite to the execution of such a contract, applicant attaches a certified copy of such official action or approval. If a vessel in category (b) (1) attains twenty years of age on or prior to the effective date of this insurance, applicant agrees that the subject insurance shall not attach without Maritime Administration approval.

Category (b) (2) applications: (a) A Contract of Commitment executed by both the owner and charterer in form as prescribed in § 308.5, under which they commit themselves to make the vessel available to the U.S. Government upon request in the event of national emergency on the same terms and conditions as vessels owned by citizens of the United States are available for requisition, for title, or for use, in accordance with the provisions of section 902(a), Merchant Marine Act, 1936, as amended. In the event this insurance application is determined to be ineligible under the terms of the Maritime Administration's regulations, it is understood that the applicants will be so advised and the executed Contract of Commitment (which is submitted in consideration of the issuance of such insurance) shall be returned by the Maritime Administration. (b) A copy of the long-term charter or other long-term contract covering the use of the vessel and all addenda, certified to be full and complete copies (except as to rate of hire or freight). The charter also agrees to furnish the Maritime Administration a certified copy of any subsequent amendments to such charter. (c) A certificate of citizenship, in duplicate, executed by the charterer establishing that it is a U.S. corporation, or a foreign corporation in which a majority of the stock is owned and controlled by U.S. citizens, whether direct or

through intervening corporations, which may be either foreign or domestic. (d) Where such intervening corporations are foreign, an additional certificate, in duplicate, shall be executed by each such corporation establishing that the ultimate majority ownership and control of the stock of such corporation is vested in a citizen or citizens of the United States as defined in section 1201(d), Merchant Marine Act, 1936, as amended. All citizenship certificates shall be in the form prescribed in § 308.4. (e) If prior official action or approval of the Contract of Commitment with the United States is required by the government of the country of vessel's registry as a prerequisite to the execution of such a contract, applicants attach a certified copy of such official action or approval. If a vessel in category (b) (2) attains twenty years of age on or prior to the effective date of this insurance, applicants agree that the subject insurance shall not attach without Maritime Administration approval.

Category (c) applications. A Copy of the statement of vessel's service previously submitted by the applicant, which was the subject of a finding by the Maritime Administrator that such service is deemed to be in the interest of the national defense or the national economy of the United States.

Warranted free from any claim for loss, damage or expense covered under any commercial policy in effect for the benefit of the assured.

Warranted free from any claim for loss, damage or expense which is or could be covered by a commercial war risk policy containing the American Institute War Risk and Strikes and Automatic Termination and Cancellation Clauses (Time)—Hulls—(March 7, 1961).

Applicant also attaches appropriate vessel data in form as specified in Maritime Administration General Order 82, as amended from time to time, and as published in the FEDERAL REGISTER.

The warranties and representations in this application, which are made in consideration of the issuance of the insurance above indicated, shall become a part of and be deemed incorporated in the binder and in any insurance policy issued thereunder, to the same extent as though set out in full in such documents.

Binding fee (not returnable unless application is rejected).

\$25.00 per vessel, under 500 gross tons.

\$100.00 per vessel, 500 gross tons and over.

Check payable to the order of "Maritime Adm.—Commerce", enclosed herewith.

Rate of premium—to be fixed by the Maritime Administrator, acting for the Secretary of Commerce.

Dated _____, 19__

Applicant(s) _____

By: _____
(Authorized signature)

By: _____
(Authorized signature)

Binder to be sent to:

Name _____

Address _____

(Applications on category (a) vessels to be submitted, in duplicate, with required attachments, to the American War Risk Agency, 99 John Street, New York 38, N.Y. Applications on all other vessels to be submitted, in triplicate, with required attachments, to the Division of Insurance, U.S. Maritime Administration, Washington 25, D.C.)

§ 308.102 Issuance of interim binder; its terms and conditions.

Upon acceptance of an application, an interim binder in form as set forth in § 308.106 will be issued and there shall be deemed to be incorporated therein by

reference all the terms, conditions, and warranties contained in the application for war risk hull and disbursements insurance (set forth in § 308.101) and the standard war risk hull insurance policy (set forth in § 308.107) to the same extent as if such application and policy were made a part of the binder. The binding fee shall be \$25.00 per vessel under 500 gross tons and \$100.00 per vessel of 500 gross tons or over.

§ 308.103 Sums which will be insured under interim binder.

(a) The valuation in the policy for damage to or actual or constructive total loss of the vessel insured shall be a stated valuation (exclusive of National Defense features paid for by the Government) determined by the Secretary of Commerce which shall not exceed the amount that would be payable if the vessel had been requisitioned for title under section 902 (a) at the time of the attachment of the insurance under said policy: *Provided, however,* That in the case of a construction subsidized vessel, for the period of insurance prior to requisition for title or use, the valuation so determined shall be reduced by such proportion as the amount of construction subsidy paid with respect to the vessel bears to the entire construction cost and capital improvements thereof (excluding the cost of national defense features), and for the period of insurance after requisition for use the valuation so determined shall not exceed the amount which would be payable under section 802 in the case of requisition for title or use: *Provided, further,* That the insured shall have the right within sixty days after the attachment of the insurance under said policy, or within sixty days after determination of such valuation by the Secretary of Commerce, whichever is later, to reject such valuation, and shall pay, at the rate provided for in said policy, premiums upon such asserted valuation as the insured shall specify at the time of rejection, but such asserted valuation shall not operate to the prejudice of the Government in any subsequent action on the policy. In the event of the actual or constructive total loss of the vessel, if the insured has not rejected such valuation the amount of any claim therefor which is adjusted, compromised, settled, adjudged, or paid shall not exceed such stated amount, but if the insured has so rejected such valuation, the insured shall be paid as a tentative advance only, 75 per centum of such valuation so determined by the Secretary of Commerce and shall be entitled to sue the United States in a court having jurisdiction of such claims to recover such valuation as would be equal to the just compensation which such court determines would have been payable if the vessel had been requisitioned for title under section 902(a) at the time of the attachment of the insurance under said policy: *Provided, however,* That in the case of a construction-subsidized vessel, the valuation determined by the court as such just compensation for any period of insurance prior to actual requisition for title or use of the vessel shall be reduced by such proportion as the amount of construction subsidy paid with respect to the vessel

bears to the entire construction cost and capital improvements thereof (excluding the cost of national defense features), and for any period of insurance after actual requisition for use, the valuation determined by the court shall be the amount which would have been payable under section 802 in the case of requisition for title: *And provided further*, That in the event of an election by the insured to reject the stated valuation fixed by the Secretary of Commerce and to sue in the courts, the amount of the judgment will be payable without regard to the limitations contained in the twelfth paragraph under the heading Maritime Activities in title I of the Department of Commerce and Related Agencies Appropriation Act, 1956, in the tenth paragraph under the heading "Maritime Activities" in title III of the Department of Justice, State, and Commerce, and the United States Information Agency Appropriation Act, 1955, in the eleventh paragraph under the heading "Maritime Activities" in title III of the Department of Justice, State, and Commerce Appropriation Act, 1954, the tenth paragraph under the heading "Operating Differential Subsidies" in title II of the Independent Offices Appropriation Act, 1953, the corresponding paragraphs of the Independent Offices Appropriation Act, 1952, and the Third Supplemental Appropriation Act, 1951, although the excess of any amounts advanced on account of just compensation over the amount of the court judgment will be required to be refunded. In the event of such court determination, premiums under the policy shall be adjusted on the basis of the valuation as finally determined and of the rate provided for in said policy. The "stated valuation" of the vessel insured refers to the vessel as defined in § 309.6(f) of this chapter (Maritime Administration General Order 82, as amended).

(b) Insurance risks covered by the terms of the standard form of war risk hull insurance policy (§ 308.107), except damage to or actual or constructive total loss of the vessel insured as set forth in paragraph (a) of this section and loss of disbursements (limited to consumable and subsistence stores, slop chests, bar stock and bunker fuel lost as a consequence of the actual or constructive total loss of the vessel insured) as set forth in paragraph (c) of this section and identified as disbursements, shall be insured for an amount not in excess of the "sum insured" as referred to in said policy.

(c) Disbursements shall be insured as authorized under section 1203(c), Title XII, Merchant Marine Act, 1936, as amended, and shall be limited to consumable and subsistence stores, slop chests, bar stock and bunker fuel. Disbursements insurance shall be optional and is insurance additional to the war risk hull insurance provided under this subpart, and payment of claim shall be limited to the actual value of the disbursements lost as a consequence of the actual or constructive total loss of the vessel insured.

§ 308.104 Additional war risk insurance.

Owners or charterers may obtain, on an excess basis, additional war risk in-

surance in such amounts as desired and such insurance shall not inure to the benefit of the Maritime Administrator as underwriter.

§ 308.105 Reporting casualties and filing claims.

All casualties occurring after insurance under a binder has attached shall be reported promptly to the Underwriting Agent that issued the binder and all claim documents shall likewise be filed with such Underwriting Agent, but payment of the amounts due in settlement of claims will be made by the Maritime Administrator.

§ 308.106 Standard form of war risk hull insurance interim binder and optional disbursements insurance endorsement.

(a) The following is the standard form of war risk hull insurance interim binder:

Form MA-184 (Revised 5-61)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

WAR RISK HULL INSURANCE—INTERIM BINDER
NO. WRH—

The United States of America, represented by the Maritime Administrator, acting for the Secretary of Commerce, in consideration of the binding fee and premium provided for herein, hereby insures, in accordance with applicable provisions of law and subject to all limitations thereof, particularly Title XII of Merchant Marine Act, 1936, as amended, against Hull War Risks only, subject to the terms, conditions, warranties and representations stated herein or incorporated by reference:

Assured -----
Owner -----
Loss, if any, payable to ----- or order
on -----

(Vessel's name) (Official No.)

(Category) (Flag)

(Gross tonnage) (Date built)

Sum insured ----- dollars (\$-----), but in the event of damage to or actual or constructive total loss of the vessel, the insured value will be not in excess of \$-----(*), which latter amount is the stated valuation of the vessel determined by the Secretary of Commerce in accordance with section 1209(a), Title XII of Merchant Marine Act, 1936, as amended. This insurance does not cover loss of disbursements as a consequence of the actual or constructive total loss of said vessel. It is understood that, with respect to damage to or actual or constructive total loss of the vessel, this insurance shall not exceed the "sum insured" or the "stated valuation", whichever is the lesser amount.

Attaching automatically upon and simultaneously with the outbreak of war (whether there be a declaration of war or not) between any of the following countries: United States of America, United Kingdom (or any other member of the British Commonwealth), France, the Union of Soviet Socialist Republics, the People's Republic of China; upon the occurrence of any prior hostile act or acts by any of the said countries resulting

*If this valuation is not inserted when the binder is issued, it will be published in the FEDERAL REGISTER pursuant to Maritime Administration General Order 82 as amended from time to time.

in such outbreak of war and occurring within a period of 90 days preceding such outbreak of war.

Terminating thirty (30) days after the outbreak of war (whether there be a declaration of war or not) between any of the aforesaid countries.

Assured to have privilege of deferring attachment by giving written or telegraphic notice to the Underwriting Agent prior to attachment of risk.

This binder shall automatically expire at midnight, June 7, 1962, G.m.t., unless insurance hereunder has attached prior to that date.

Warranties, terms, and conditions: warranted free from any claim for loss, damage or expense covered under any commercial policy in effect for the benefit of the assured.

Warranted free from any claim for loss, damage or expense which is or could be covered by a commercial war risk policy containing the American Institute War Risk and Strikes and Automatic Termination and Cancellation Clauses (Time) — Hulls — (March 7, 1961).

Warranted, as to a vessel in any eligible category of the application, that at all times during the binder period or any period of insurance attaching hereunder, the vessel will comply with Department of Commerce, Transportation Orders T-1 and T-2 or any modification thereof so long as they remain in force.

Warranted, as to a vessel in any eligible category of the application, that, without prior approval of the Maritime Administration, the vessel will not, at any time during the binder period or any period of insurance attaching hereunder, be chartered for a period of longer than six (6) months, or for a voyage or voyages the duration of which will probably exceed six (6) months, to any person not a citizen of the United States, nor be chartered to such a non-citizen under a demise or bareboat form of charter, nor be chartered to such a non-citizen for the carriage of cargoes of any kind to or from any of the countries listed in Maritime Administration General Order 59 or any modification thereof so long as it remains in force, or for use in the fisheries.

Warranted further, as to a vessel in category (a) of the application, that at and from the date of issuance of this binder and for and during the term of any insurance attaching hereunder, such vessel is eligible within its category, and if at any time during the binder period or after insurance attaches such vessel shall cease to be eligible within its category, this binder and any insurance provided hereunder shall automatically terminate at the time of such change, without return of binding fee or premium, unless the Maritime Administration agrees otherwise; and as to a vessel in category (b) (1) or (b) (2) of the application that such vessel will maintain its eligibility within its applicable category at all times from and after the issuance of this interim binder, and will be made available to the U.S. Government upon request in the event of national emergency, pursuant to the terms of the Contract of Commitment executed by the assured; and as to a vessel in category (c) of the application that at all times such vessel will remain in the approved service which the Maritime Administrator found to be in the interest of the national economy or the national defense of the United States; and in the event of the breach of any warranty contained in this paragraph, such binder and any insurance attaching thereunder, shall automatically terminate at the time of such breach, without return of binding fee or premium, unless the Maritime Administration agrees otherwise.

There shall be deemed to be incorporated herein (a) any other warranties of the applicant (express or implied) and all representations and agreements which are made

a part of the application, and (b) all of the terms, conditions and warranties contained in the war risk hull insurance policy set forth in § 308.107 hereof (Part 308, Title 46, Code of Federal Regulations). To the extent there is inconsistency between the terms of such war risk hull insurance policy and the terms of this binder including the warranties, agreements and representations of the applicant, the terms of the binder together with the warranties, agreements and representations of applicant shall prevail.

Premium: Rate to be fixed promptly after the happening of the event causing the "American Institute War Risk and Strikes and Automatic Termination and Cancellation Clauses (Time)—Hulls—(March 7, 1961)" of any war risk policies to become operative and the premium shall be payable within ten days after receipt of notice of the amount thereof by the assured. Premium shall be paid to the Underwriting Agent that issued the binders by check payable to the order of "Maritime Adm.—Commerce."

Privilege is granted to effect, on an excess basis, additional war risk insurance, which insurance shall not inure to the benefit of the Maritime Administrator as underwriter.

Claims: Casualties arising after attachment of insurance hereunder shall be reported promptly to the Underwriting Agent and all claim documents shall be likewise filed with such Underwriting Agent but payment of the amounts due in settlement of claims will be made by the Maritime Administrator.

The Underwriting Agent does not, by countersigning this binder or in any other manner, warrant its own authority, or the authority of the Maritime Administrator, acting for the Secretary of Commerce, to issue this instrument, but acts solely under the power conveyed to the Underwriting Agent by the Agreement made with the Maritime Administrator, acting for the Secretary of Commerce.

UNITED STATES OF AMERICA,
By Maritime Administrator,
acting for the Secretary
of Commerce.

(Maritime Administrator)

Countersigned at New York, N.Y., this
----- day of ----- 19--

AMERICAN WAR RISK AGENCY,
By -----
(Authorized underwriting
agent)

Not valid unless countersigned by an authorized underwriting agent.

(b) The following is the standard form of endorsement for optional war risk disbursements insurance, obtainable only as additional insurance to the war risk hull insurance interim binder:

Form MA-184A (5-61)

UNITED STATES OF AMERICA
OPTIONAL WAR RISK DISBURSEMENTS
INSURANCE ENDORSEMENT

Attached to and forming part of Interim Binder No. WRH—

This endorsement insures, as additional coverage, disbursements of the assured on board the vessel named in the standard form of War Risk Hull Insurance Interim Binder, limited to consumable and subsistence stores, slop chests, bar stock and bunker fuel in the total amount of ----- dollars (\$-----), against the risks of loss as a consequence of the actual or constructive total loss of the vessel insured, subject to the terms, conditions and warranties set forth in the interim binder to which this endorsement is attached.

It is understood this insurance, made available as authorized under section 1203(c), Title XII, of Merchant Marine Act, 1936, as amended, is additional to the coverage provided in the standard form of War Risk Hull Insurance Interim Binder.

Further, it is understood and agreed that in the event of loss, payment of claim shall be limited to the actual value of the disbursements lost as a consequence of the actual or constructive total loss of the vessel insured, but said claim shall not exceed the amount of insurance provided in this endorsement.

UNITED STATES OF AMERICA,
By Maritime Administrator,
acting for the Secretary of
Commerce.

(Maritime Administrator)

Countersigned at New York, N.Y., this
----- day of -----, 19--

AMERICAN WAR RISK AGENCY,
By -----
(Authorized underwriting
agent)

§ 308.107 Standard form of war risk
hull insurance policy.

The following is the standard form of war risk hull insurance policy:

Form MA-240 (Revised 5-61)

Policy No. H- -----

UNITED STATES OF AMERICA

Represented by the Maritime Administrator, acting for the Secretary of Commerce (sometimes hereinafter called the Underwriter), by this policy of insurance, in accordance with applicable provisions of law and subject to all limitations thereof, does make insurance and cause to be insured: ----- for account of ----- but subject to the following provisions with respect to change of ownership, etc.:

In the event of any change, voluntary or otherwise, in the ownership of the Vessel or if the Vessel be placed under new management or be chartered on a bareboat basis or requisitioned on that basis, then, unless the Underwriter agrees thereto in writing, this Policy shall thereupon become cancelled from time of such change in ownership or management, charter or requisition; provided, however, that in the case of an involuntary temporary transfer by requisition or otherwise, without the prior execution of any written agreement by the Assured, such cancellation shall take place fifteen days after such transfer; and provided further that if the Vessel has cargo on board and has already sailed from her loading port, or is at sea in ballast, such cancellation shall be suspended until arrival at final port of discharge if with cargo or at port of destination if in ballast. This insurance shall not inure to the benefit of any such charterer or transferee of the Vessel, and if a loss payable hereunder should occur between such transfer and such cancellation the Underwriter shall be subrogated to all the rights of the Assured against the transferee, by reason of such transfer, in respect of all or part of such loss as is recoverable from the transferee and in the proportion which the respective amounts insured bear to the insured value. A pro rata daily return of net premium shall be made. The foregoing provisions with respect to cancellation in the event of change in ownership or management, charter or requisition shall apply even in the case of insurance "for account of whom it may concern."

Loss, if any (excepting claims required to be paid to others under the Collision Clause), payable to ----- or order. Sum insured ----- dollars (\$-----), but in the event of damage to or actual or con-

structive total loss of the vessel, the insured value will be not in excess of \$-----, which latter amount is the stated valuation of the vessel determined by the Secretary of Commerce in accordance with section 1209(a), Title XII of Merchant Marine Act, 1936, as amended. This insurance does not cover loss of disbursements as a consequence of the actual or constructive total loss of said vessel. It is understood that, with respect to damage to or actual or constructive total loss of the vessel, this insurance shall not exceed the "sum insured" or the "stated valuation," whichever is the lesser amount.

At and from the ----- day of ----- 19-- ----- time to the ----- day of ----- 19-- ----- time.

Provided, however, Should the Vessel at the expiration of this Policy be at sea, or in distress, or at a port of refuge or of call, she shall, provided previous notice be given to the Underwriter, be held covered at a pro rata monthly premium to her port of destination.

On the Vessel called the ----- Official No. ----- (or by whatsoever name or names the said Vessel is or shall be called).

The said Vessel, for so much as concerns the Assured, by agreement between the Assured and the Underwriter in this Policy, is and shall be valued at as follows:

Hull, tackle, apparel, passenger fittings, equipment, stores, ordnance, munitions, boats and other furniture ----- \$-----
Boilers, machinery, refrigerating machinery and insulation, motor generators and other electrical machinery, and everything connected therewith ----- \$-----

Donkey boilers, winches, cranes, windlasses and steering gear shall be deemed to be a part of the hull and not of the machinery.

Special Conditions and Warranties: Unless physically deleted by the Underwriters, the following warranty shall be paramount and shall supersede and nullify any contrary provision of the Policy:

F. C. & S. CLAUSE

Notwithstanding anything to the contrary contained in the Policy, this insurance is warranted free from any claim for loss, damage or expense caused by or resulting from capture, seizure, arrest, restraint or detention, or the consequences thereof or of any attempt thereat, or any taking of the Vessel, by requisition or otherwise, whether in time of peace or war and whether lawful or otherwise; also from all consequences of hostilities or warlike operations (whether there be a declaration of war or not), but the foregoing shall not exclude collision or contact with aircraft, rockets or similar missiles, or with any fixed or floating object (other than a mine or torpedo), stranding, heavy weather, fire or explosion unless caused directly (and independently of the nature of the voyage or service which the vessel concerned or, in the case of a collision, any other vessel involved therein, is performing) by a hostile act by or against a belligerent power, and for the purpose of this warranty "power" includes any authority maintaining naval, military or air forces in association with a power; also warranted free, whether in time of peace or war, from all loss, damage or expense caused by any weapon of war employing atomic or nuclear fission and/or fusion or other reaction or radioactive force or matter.

*If this valuation is not inserted when the binder is issued, it will be published in the FEDERAL REGISTER pursuant to Maritime Administration General Order 82 as amended from time to time.

Further warranted free from the consequences of civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or piracy.

If war risks are hereafter insured by endorsement on the Policy, such endorsement shall supersede the above warranty only to the extent that their terms are inconsistent and only while such war risk endorsement remains in force.

Held covered in case of any breach of warranty as to cargo, trade, locality or date of sailing, provided notice be given and any additional premium required be agreed immediately after receipt of advices of breach or proposed breach by Owners.

The Underwriters to be paid in consideration of this insurance ----- Dollars being at the rate of ----- percent.

In event of non-payment of premium thirty days after attachment this Policy may be cancelled by the Underwriter upon five days written notice being given the Assured. Such proportion of the premium, however, as shall have been earned up to the time of such cancellation shall be due and payable; but in the event of Total or Constructive Total Loss occurring prior to cancellation full annual premium shall be deemed earned.

To return—

----- cents percent net for each uncommenced month if it be mutually agreed to cancel this Policy. As follows for each consecutive 30 days the Vessel may be laid up in port, viz:

	Without cargo on board	With cargo on board
1. Under repair---	-----% net	-----% net
2. Not under repair.	-----% net	-----% net

For the purpose of this clause a Vessel loading or discharging cargo shall be considered as "with cargo on board".

Provided always: (a) that in no case shall a return be allowed when the within named Vessel is lying in a roadstead or in exposed and unprotected waters.

(b) that in the event of a return for special trade, or any other reason, being recoverable, the above rates of return of premium shall be reduced accordingly.

And arrival.

In the event of the Vessel being laid up in port for a period of 30 consecutive days, a part only of which attaches to this Policy, it is hereby agreed that the laying up period, in which either the commencing or ending date of this Policy falls, shall be deemed to run from the first day on which the Vessel is laid up and that on this basis the Underwriter shall pay such proportion of the return due in respect of a full period of 30 days as the number of days attaching hereto bear to thirty.

Additional insurances as follows are permitted:

(a) *Disbursements, managers' commissions, profits or excess or increased value of hull and machinery, and/or similar interests however described, and freight (including chartered freight or anticipated freight) insured for time.* A sum not exceeding in the aggregate 25 percent of the insured value of the Vessel.

(b) *Freight or hire, under contracts for voyage.* A sum not exceeding the gross freight or hire for the current cargo passage and next succeeding cargo passage (such insurance to include, if required, a preliminary and an intermediate ballast passage) plus the charges of insurance. In the case of a voyage charter where payment is made on a time basis, the sum permitted for insurance shall be calculated on the estimated duration of the voyage, subject to the limitation of two cargo passages as laid down herein. Any sum insured under this section shall be reduced as the freight or hire is earned by the gross amount so earned.

(c) *Anticipated freight if the vessel sails in ballast and not under charter.* A sum not exceeding the anticipated gross freight on next cargo passage, such sum to be reasonably estimated on the basis of the current rate of freight at time of insurance, plus the charges of insurance. *Provided, however,* That no insurance shall be permitted under this section if any insurance is affected under section (b).

(d) *Time charter hire or charter hire for series of voyages.* A sum not exceeding 50 percent of the gross hire which is to be earned under the charter in a period not exceeding 18 months. Any sum insured under this section shall be reduced as the hire is earned under the charter by 50 percent of the gross amount so earned but where the charter is for a period exceeding 18 months the sum insured need not be reduced while it does not exceed 50 percent of the gross hire still to be earned under the charter. An insurance under this section may begin on the signing of the charter.

(e) *Premiums.* A sum not exceeding the actual premiums of all interests insured for a period not exceeding 12 months (excluding premiums insured under the foregoing sections but including, if required, the premium or estimated calls on any Protection and Indemnity or War, etc., Risk insurance) reducing pro rata monthly.

(f) *Returns of premium.* A sum not exceeding the actual returns which are recoverable subject to "and arrival" under any policy of insurance.

(g) *Insurance irrespective of amount.* Against risks excluded by the F.C. & S. Clause, and risks enumerated in the American Institute War and Strikes Clauses and General Average and Salvage Disbursements.

Warranted that no insurance on any interests enumerated in the foregoing sections (a) to (f), inclusive, in excess of the amounts permitted therein and no insurance subject to P.P.I., F.I.A. or other like term, on any interests whatever excepting those enumerated in section (a), is or shall be effected to operate during the currency of this Policy by or for account of the Assured, Owners, Managers or Mortgagees. Provided always that a breach of this warranty shall not afford the Underwriter any defense to a claim by a Mortgagee who has accepted this Policy without knowledge of such breach.

Beginning the adventure upon the said Vessel, as above, and so shall continue and endure during the period aforesaid, as employment may offer, in port and at sea, in docks and graving docks and on ways, gridirons and pontoons, at all times, in all places and on all occasions, services and trades whatsoever and wheresoever, under steam, motor power or sail; with leave to sail or navigate with or without pilots, to go on trial trips and to assist and tow vessels or craft in distress, but if without the approval of the Underwriter the Vessel be towed, except as is customary or when in need of assistance, or undertakes towage or salvage services under a pre-arranged contract made by Owners and/or Charterers, the Assured shall notify the Underwriter immediately and pay an additional premium if required but no such premium shall be required for customary towage by the Vessel in connection with loading and discharging. With liberty to discharge, exchange and take on board goods, specie, passengers and stores, wherever the Vessel may call at or proceed to, and with liberty to carry goods, live cattle, etc., on deck or otherwise.

Touching the Adventures and Perils which the said Underwriter is contented to bear and take upon itself, they are of the Seas, Men-of-War, Fire, Lightning, Earthquake, Enemies, Pirates, Rovers, Assailing Thieves, Jettisons, Letters of Mart and Counter-Mart, Surprisals, Takings at Sea, Arrests, Restraints and Detainments of all Kings, Princes and

Peoples, of what nation, condition or quality soever, Barratry of the Master and Mariners and of all other like Perils, Losses and Misfortunes that have or shall come to the Hurt, Detriment or Damage of the said Vessel, &c, or any part thereof; excepting, however, such of the foregoing Perils as may be excluded by provisions elsewhere in the Policy or by endorsement. And in case of any Loss or Misfortune, it shall be lawful and necessary for the Assured, their Factors, Servants and Assigns, to sue, labor and travel for, in and about the Defense, Safeguard and Recovery of the said Vessel, &c, or any part thereof, without prejudice to this insurance, to the Charges whereof the Underwriter will contribute its proportion as provided below. And it is expressly declared and agreed that no acts of the Underwriter or Assured in recovering, saving or preserving the property insured shall be considered as a waiver or acceptance of abandonment.

This insurance also specially to cover (subject to the Average Warranty) loss of or damage to the subject matter insured directly caused by the following:

Accidents in loading, discharging or handling cargo, or in bunkering;

Accidents in going on or off, or while on drydocks, graving docks, ways, gridirons or pontoons;

Explosions on shipboard or elsewhere;

Breakdown of motor generators or other electrical machinery and electrical connections thereto, bursting of boilers, breakage of shafts, or any latent defect in the machinery or hull (excluding the cost and expense of replacing or repairing the defective part);

Breakdown of or accidents to nuclear installations or reactors not on board the insured Vessel;

Contact with aircraft, rockets or similar missiles, or with any land conveyance;

Negligence of Charterers and/or Repairers, provided such Charterers and/or Repairers are not Assured(s) hereunder;

Negligence of Master, Mariners, Engineers or Pilots;

provided such loss or damage has not resulted from want of due diligence by the Assured, the Owners or Managers of the Vessel, or any of them. Masters, Mates, Engineers, Pilots or Crew not to be considered as part owners within the meaning of this clause should they hold shares in the Vessel.

In the event of accident whereby loss or damage may result in a claim under this Policy, notice shall be given in writing to the Underwriter, where practicable, prior to survey, so that it may appoint its own surveyor if it so desires. The Underwriter shall be entitled to decide the port to which a damaged Vessel shall proceed for docking or repairing (the actual additional expense of the voyage arising from compliance with the Underwriter's requirements being refunded to the Assured) and the Underwriter shall also have a right of veto in connection with the place of repair or repairing firm proposed and whenever the extent of the damage is ascertainable the Underwriter may take or may require to be taken tenders for the repair of such damage. In the event of failure to comply with the conditions of this clause 15 percent shall be deducted from the amount of the ascertained claim.

In cases where a tender is accepted with the approval of the Underwriter, an allowance shall be made at the rate of 30 percent per annum on the insured value for each day or pro rata for part of a day from the time of the completion of the survey until the acceptance of the tender provided that it be accepted without delay after receipt of the Underwriter's approval.

No allowance shall be made for any time during which the Vessel is loading or discharging cargo or bunkering.

Due credit shall be given against the allowance as above for any amount recovered:

(a) In respect of fuel and stores and wages and maintenance of the Master, Officers and Crew or any member thereof allowed in General or Particular Average;

(b) From third parties in respect of damages for detention and/or loss of profit and/or running expenses;

for the period covered by the tender allowance or any part thereof.

Notwithstanding anything herein contained to the contrary, this policy is warranted free from Particular Average under 3 percent, or unless amounting to \$4,850, but nevertheless when the Vessel shall have been stranded, sunk, on fire, or in collision with any other Ship or Vessel, the Underwriter shall pay the damage occasioned thereby, and the expense of sighting the bottom after stranding shall be paid, if reasonably incurred, even if no damage be found.

Grounding in the Panama Canal, Suez Canal or in the Manchester Ship Canal or its connections, or in the River Mersey above Rock Ferry Slip, or in the River Plate (above a line drawn from the North Basin, Buenos Aires, to the mouth of the San Pedro River) or its tributaries, or in the Danube or Demerara Rivers or on the Yenikale Bar, shall not be deemed to be a stranding.

Average payable on each valuation separately or on the whole, without deduction of thirds, new for old, whether the Average be Particular or General.

No claim shall in any case be allowed in respect of scraping or painting the Vessel's bottom.

The warranty and conditions as to Average under 3 percent or unless amounting to \$4,850 to be applicable to each voyage as if separately insured, and a voyage shall commence at the Assured's election when the Vessel either begins to load cargo or sails in ballast to a loading port. Such voyage shall continue until the Vessel has made not more than three passages or not more than two passages with cargo (whichever first occurs) and extend further until the Vessel thereafter begins to load cargo or sails (whichever first occurs), but such extension shall not exceed 30 days in port. A passage shall be deemed to be from the commencement of loading at the first port or place of loading until completion of discharge at the last port or place of discharge, or, if the Vessel sails in ballast, from the port or place of departure until arrival at the first port or place thereafter other than a port or place of refuge or a port or place for bunkering only. Each period in port of 30 days in excess of 30 days between passages shall itself constitute a passage for the purposes of this clause. When the Vessel sails in ballast to effect damage repairs such sailing or passage shall be considered part of the previous passage. In calculating whether the 3 percent or \$4,850 is reached, Particular Average occurring outside the period covered by this Policy may be added to Particular Average occurring within such period, providing it occur on the same voyage as above defined, but only that portion of the claim arising within the period covered by this Policy shall be recoverable hereon. A voyage shall not be so fixed that it overlaps another voyage on which a claim is made on this or the preceding or succeeding Policy. Particular Average which would be excluded by the terms of this Policy shall not be included in determining whether the 3 percent or \$4,850 is reached.

No recovery for a Constructive Total Loss shall be had hereunder unless the expense of recovering and repairing the Vessel shall exceed the insured value.

In ascertaining whether the Vessel is a Constructive Total Loss the insured value shall be taken as the repaired value, and nothing in respect of the damaged or breakup value of the Vessel or wreck shall be taken into account.

In the event of Total or Constructive Total Loss, no claim to be made by the Under-

writer for freight, whether notice of abandonment has been given or not.

In no case shall the Underwriter be liable for unrepaired damage in addition to a subsequent Total Loss sustained during the period covered by this Policy.

General Average, Salvage, and Special Charges payable as provided in the contract of affreightment, or failing such provision, or there be no contract of affreightment, payable in accordance with the Laws and Usages of the Port of New York. Provided always that when an adjustment according to the laws and usages of the port of destination is properly demanded by the owners of the cargo, General Average shall be paid in accordance with same.

And it is further agreed that in the event of salvage, towage or other assistance being rendered to the Vessel hereby insured by any Vessel belonging in part or in whole to the same Owners or Charterers, the value of such services (without regard to the common ownership or control of the Vessels) shall be ascertained by arbitration in the manner below provided for under the Collision Clause, and the amount so awarded so far as applicable to the interest hereby insured shall constitute a charge under this Policy.

When the contributory value of the Vessel is greater than the valuation herein the liability of the Underwriter for General Average contribution (except in respect to amount made good to the Vessel) or Salvage shall not exceed that proportion of the total contribution due from the Vessel that the amount insured hereunder bears to the contributory value; and if because of damage for which the Underwriter is liable as Particular Average the value of the Vessel has been reduced for the purpose of contribution, the amount of the Particular Average claim under this Policy shall be deducted from the amount insured hereunder and the Underwriter shall be liable only for the proportion which such net amount bears to the contributory value.

In the event of expenditure under the Sue and Labor Clause, this Policy shall pay the proportion of such expenses that the amount insured hereunder bears to the insured value of the Vessel, or that the amount insured hereunder, less loss and/or damage payable under this Policy, bears to the actual value of the salvaged property; whichever proportion shall be less.

If claim for total loss is admitted under this Policy and sue and labor expenses have been reasonably incurred in excess of any proceeds realized or value recovered, the amount payable under this Policy will be the proportion of such excess that the amount insured hereunder (without deduction for loss or damage) bears to the insured value or the sound value of the Vessel at the time of the accident, whichever value was greater.

And it is further agreed that if the Vessel hereby insured shall come into collision with any other Ship or Vessel and the Assured or the Charterers or the Surety in consequence of the insured Vessel being at fault shall become liable to pay and shall pay by way of damages to any other person or persons any sum or sums in respect of such collision the Underwriter will pay the Assured, or the Charterers, or the Surety, whichever shall have paid, such proportion of such sum or sums so paid as its subscription hereto bears to the value of the Vessel hereby insured, provided always that its liability in respect to any one such collision shall not exceed its proportionate part of the value of the Vessel hereby insured. And in cases where the liability of the Vessel has been contested, or proceedings have been taken to limit liability, with the consent in writing of the Underwriter, it will also pay a like proportion of the costs which the Assured or Charterers shall thereby incur, or be compelled to pay; but when both Vessels

are to blame, then, unless the liability of the Owners or Charterers of one or both such Vessels becomes limited by law, claims under the Collision Clause shall be settled on the principle of Cross-Liabilities as if the Owners or Charterers of each Vessel had been compelled to pay to the Owners or Charterers of the other of such Vessels such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Assured or Charterers in consequence of such collision; and it is further agreed that the principles involved in this clause shall apply to the case where both Vessels are the property, in part or in whole, of the same Owners or Charterers, all questions of responsibility and amount of liability as between the two Vessels being left to the decision of a single Arbitrator, if the parties can agree upon a single Arbitrator, or failing such agreement, to the decision of Arbitrators, one to be appointed by the Managing Owners or Charterers of both Vessels, and one to be appointed by the Underwriter; the two Arbitrators chosen to choose a third Arbitrator before entering upon the reference, and the decision of such single, or of any two of such three Arbitrators, appointed as above, to be final and binding. Provided always that this clause shall in no case extend to any sum which the Assured, or the Charterers, or the Surety, may become liable to pay or shall pay for removal of obstructions under statutory powers, for injury to harbors, wharves, piers, stages, structures, or any other objects (excepting other Vessels and property thereon), consequent on such collision, or in respect of the cargo, baggage or engagements of the Insured Vessel, or for loss of life, or personal injury. And provided also that in the event of any claim under this clause being made by anyone other than the Owners of the Vessel hereby insured, he shall not be entitled to recover in respect of any liability to which the Owners of the Vessel as such would not be subject, nor to a greater extent than the Owners would be entitled in such event to recover.

In witness whereof, the Maritime Administrator, acting for the Secretary of Commerce, has signed this Policy but it shall not be valid unless countersigned by an authorized underwriting agent.

UNITED STATES OF AMERICA,
By Maritime Administrator,
acting for the Secretary
of Commerce.

(Maritime Administrator)

The Underwriting Agent does not, by countersigning this Policy or in any other manner, warrant its own authority, or the authority of the Maritime Administrator, acting for the Secretary of Commerce, to issue this instrument, but acts solely under the power conveyed to the Underwriting Agent by the Agreement made with the Maritime Administrator, acting for the Secretary of Commerce.

Countersigned at _____ this _____ day of _____ 19____

(Authorized underwriting agent)

By _____

Form MA-240-A (Revised 5-61)

UNITED STATES OF AMERICA

HULL WAR RISK AND STRIKES CLAUSES

Endorsement attached to and made part of Policy No. _____. It is agreed that this insurance covers only:

1. Those risks which would be covered by the attached Policy (including the Collision Clause) in the absence of the F. C. and S. warranty and which shall be deemed to include, specifically, the risks of hostilities or

warlike operations, piracy, civil war, revolution, rebellion or insurrection or civil strife arising therefrom, floating and/or stationary mines and/or torpedoes whether derelict or not, weapons of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter, and the application of sanctions under international agreements, whether before or after declaration of war and whether by a belligerent or otherwise, but excluding arrest, restraint or detention under customs or quarantine regulations and similar arrests, restraints or detentions not arising from actual or impending hostilities or sanctions.

2. Damage to or destruction of the property insured directly caused by strikers, locked out workmen, or persons taking part in labor disturbances or riots or civil commotions or caused by persons acting maliciously, but this paragraph shall not be construed to include or cover any loss, damage or expense caused by or resulting from delay, detention or loss of use. This insurance is subject, however, to the following warranties, exclusions and other provisions:

Warranted free from any claim for loss, damage or expense covered under any commercial policy in effect for the benefit of the assured.

Warranted free from any claim for loss, damage or expense which is or could be covered by a commercial war risk policy containing the American Institute War Risk and Strikes and Automatic Termination and Cancellation Clauses (Time)—Hulls—(March 7, 1961).

Warranted free from any claim for delay or demurrage and warranted not to abandon in case of capture, seizure or detention, until after condemnation of the property insured.

Warranted free from any claim based upon loss of or frustration of the insured voyage or adventure caused by arrests, restraints or detentions, of kings, princes, or peoples.

Warranted free from any claim arising from capture, seizure, arrest, restraint, detention, preemption, confiscation or requisition by the Government of the United States or of the country in which the Vessel is owned or registered or of the country in which any such right of requisition is vested.

The Franchise warranty in the attached Policy is waived and average will be payable irrespective of percentage and without deduction of new for old. The provisions of the attached Policy with respect to constructive total loss shall apply only to claims arising from physical damage to the insured Vessel.

If at the natural expiry time of this insurance the vessel is at sea, this insurance will be extended, provided notice be given to the Underwriter as soon as practicable and an additional premium paid, if required, until midnight, G.M.T. of the day on which the vessel enters the next port to which she proceeds and for 24 hours thereafter.

The "Breach of Warranty" clause in the Policy is deleted.

Warranted no War Risk Insurance in excess of the amount insured herein, whether for hull, machinery, disbursements, or other similar interests however described, exists or will be placed during the currency of this insurance, except as authorized by the Maritime Administrator, acting for the Secretary of Commerce.

Warranted no cancellation except by mutual consent; *Provided, however*, That if the Vessel shall be requisitioned by the United States on a basis whereby the United States provides the war risk insurance, then this insurance shall terminate and pro rata daily return premium shall be paid. In no other event shall there be any return of premium.

For the purpose of determining liability under this policy for General Average contribution or Salvage and sue and labor expenses only, the sum insured herein or as stated in any binder of which this policy is a

part, shall be deemed to be the "insured value."

Subpart C—War Risk Protection and Indemnity Insurance

§ 308.200 Amount of insurance for which application may be made.

An applicant for war risk protection and indemnity insurance shall state the amount of insurance desired but such amount shall not exceed \$250.00 per gross ton of the vessel.

§ 308.201 Form of application.

Application submitted shall be in strict accordance with the following form:

Form MA-185 (Revised 5-61)

UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE

MARITIME ADMINISTRATION

APPLICATION FOR WAR RISK PROTECTION AND INDEMNITY INSURANCE

Application is made for War Risk Protection and Indemnity Insurance pursuant to Title XII of Merchant Marine Act, 1936, as amended, and in accordance with all provisions of law and subject to all limitations thereof:

Assured(s) _____
 Address(es) _____
 Owner _____
 Address _____
 Mortgagee, if any, _____
 Address _____
 Loss, if any, payable to _____ or order.
 On _____
 (Vessel's name) (Official No.)
 (Flag) (Gross tonnage)
 (Date built)

Sum to be insured \$_____ but not exceeding \$250 per gross ton of the vessel.

To attach automatically upon and simultaneously with the outbreak of war (whether there be a declaration of war or not) between any of the following countries: United States of America, United Kingdom (or any other member of the British Commonwealth), France, the Union of Soviet Socialist Republics, the People's Republic of China; upon the occurrence of any prior hostile act or acts by any of the said countries resulting in such outbreak of war and occurring within a period of 90 days preceding such outbreak of war.

To terminate thirty (30) days after the outbreak of war (whether there be a declaration of war or not) between any of the aforesaid countries.

Terms and conditions: Subject to form of policy prescribed by the Maritime Administrator, acting for the Secretary of Commerce.

The category (one only) of eligibility under which application is made must be designated.

☐ (a)

A vessel registered, enrolled or licensed under the laws of the United States; any tug or barge or other watercraft (documented under the laws of the United States, or undocumented) owned by a citizen of the United States, used in essential water transportation within the territorial waters of the United States; and United States citizen-owned watercraft in the fishing trade or industry, except when used exclusively in or for sport fishing.

☐ (b) (1)

A foreign-flag vessel under Panamanian, Honduran or Liberian registry, 1,500 gross tons and over, self-propelled, and not over

twenty years of age (unless authorized by the Maritime Administration), which is subject to an unqualified Contract of Commitment with the United States in form as required by the Maritime Administration, and which is owned by a U.S. corporation, or a foreign corporation in which a majority of the stock is owned and controlled by United States citizens, whether direct or through intervening corporations, foreign or domestic. Where such intervening corporations are foreign, the ultimate majority ownership and control of the stock of such corporations must be vested in a citizen or citizens of the United States as defined in section 1201(d), Merchant Marine Act, 1936, as amended.

☐ (b) (2)

A foreign-flag vessel under Panamanian, Honduran or Liberian registry, 1,500 gross tons and over, self-propelled, and not over twenty years of age (unless authorized by the Maritime Administration), which is subject to an unqualified Contract of Commitment with the United States in form as required by the Maritime Administration, and which is owned by a foreign corporation which is not directly or beneficially owned by United States citizens or corporations, but which vessel is under a long-term charter or other long-term contract covering the use of the vessel on terms deemed by the Maritime Administration to subject the vessel to U.S. control in the event of emergency. The charterer of such a vessel must be either a U.S. corporation or a foreign corporation in which a majority of the stock is owned and controlled by U.S. citizens, whether direct or through intervening corporations, foreign or domestic. Where such intervening corporations are foreign, the ultimate majority ownership and control of the stock of such corporations must be vested in a citizen or citizens of the United States as defined in section 1201(d), Merchant Marine Act, 1936, as amended.

☐ (c)

All other vessels will be insured at the sole discretion of the Maritime Administrator but only when engaged in a service which has been determined by the Maritime Administrator to be in the interest of the national defense or the national economy of the United States.

It is warranted, as to a vessel in any of the above categories, that at all times during the binder period or any period of insurance attaching thereunder, the vessel will comply with Department of Commerce Transportation Orders T-1 and T-2 or any modification thereof so long as they remain in force.

The applicant warrants as to a vessel in any eligible category of the application that, without prior approval of the Maritime Administration, the vessel will not, at any time during the binder period or any period of insurance attaching hereunder, be chartered for a period of longer than six (6) months, or for a voyage or voyages the duration of which will probably exceed six (6) months, to any person not a citizen of the United States, nor be chartered to such a non-citizen under a demise or bareboat form of charter, nor be chartered to such a non-citizen for the carriage of cargoes of any kind to or from any of the countries listed in Maritime Administration General Order 59 or any modification thereof so long as it remains in force, or for use in the fisheries.

The applicant further warrants with respect to a vessel in category (a) that at and from the date of issuance of the interim binder and for and during the term of any insurance attaching thereunder, such vessel will remain eligible within its category.

The applicant further warrants with respect to a vessel in category (b) (1) or (b) (2) that the vessel will maintain its eligibility within its applicable category at all times

from and after the issuance of the interim binder, and will be made available to the United States Government upon request in the event of national emergency pursuant to the terms of the Contract of Commitment submitted herewith; and agrees, in this connection, that during the period of the binder and any insurance attaching thereunder, any charter or other contract covering the use of the vessel during such period shall be subject to termination or suspension without notice in the event the United States requires the use of the vessel under the voluntary Contract of Commitment submitted herewith.

With respect to a vessel in category (c), the applicant further warrants that at all times such vessel will remain in the approved service which the Maritime Administrator has found to be in the interest of the national economy or the national defense of the United States.

In addition to the aforesaid warranties, the applicant submits certain statements, certificates and/or agreements which are made part of the insurance application, for vessels in the following categories:

Category (b) (1) applications: (a) An executed Contract of Commitment, in form as prescribed in § 308.5, under which applicant commits itself to make the vessel available to the U.S. Government upon request in the event of national emergency on the same terms and conditions as vessels owned by citizens of the United States are available for requisition, for title, or for use, in accordance with the provisions of section 902(a), Merchant Marine Act, 1936, as amended. In the event this insurance application is determined to be ineligible under the terms of the Maritime Administration's regulations, it is understood that the applicant will be so advised and the executed Contract of Commitment (which is submitted in consideration of the issuance of such insurance) shall be returned to applicant by the Maritime Administration. (b) A certificate of citizenship, in duplicate, executed by the vessel owner establishing that the vessel is owned by a U.S. corporation, or that a majority of the stock of the owning corporation is owned and controlled by U.S. citizens, as defined in section 1201(d), Merchant Marine Act, 1936, as amended, whether direct or through intervening corporations, foreign or domestic. (c) Where such intervening corporations are foreign, an additional certificate in duplicate, shall be executed by each such corporation establishing that the ultimate majority ownership and control of the stock of such corporation is vested in a citizen or citizens of the United States as defined in section 1201(d), Merchant Marine Act, 1936, as amended. All citizenship certificates shall be in the form prescribed in § 308.4. (d) If prior official action or approval of the Contract of Commitment with the United States is required by the government of the country of vessel's registry as a prerequisite to the execution of such a contract, applicant attaches a certified copy of such official action or approval. If a vessel in category (b) (1) attains twenty years of age on or prior to the effective date of this insurance, applicant agrees that the subject insurance shall not attach without Maritime Administration approval.

Category (b) (2) applications: (a) A Contract of Commitment executed by both the owner and charterer in form as prescribed in § 308.5, under which they commit themselves to make the vessel available to the U.S. Government upon request in the event of national emergency on the same terms and conditions as vessels owned by citizens of the United States are available for requisition, for title, or for use, in accordance with the provisions of section 902(a), Merchant Marine Act, 1936, as amended. In the event this insurance application is determined to be ineligible under the terms of the Maritime

Administration's regulations, it is understood that the applicants will be so advised and the executed Contract of Commitment (which is submitted in consideration of the issuance of such insurance) shall be returned by the Maritime Administration. (b) A copy of the long-term charter or other long-term contract covering the use of the vessel and all addenda, certified to be full and complete copies (except as to rate of hire or freight). The charterer also agrees to furnish the Maritime Administration a certified copy of any subsequent amendments to such charter. (c) A certificate of citizenship, in duplicate, executed by the charterer establishing that it is a U.S. corporation, or a foreign corporation in which a majority of the stock is owned and controlled by U.S. citizens, whether direct or through intervening corporations, which may be either foreign or domestic. (d) Where such intervening corporations are foreign, an additional certificate, in duplicate, shall be executed by each such corporation establishing that the ultimate majority ownership and control of the stock of such corporation is vested in a citizen or citizens of the United States as defined in section 1201(d), Merchant Marine Act, 1936, as amended. All citizenship certificates shall be in the form prescribed in § 308.4. (e) If prior official action or approval of the Contract of Commitment with the United States is required by the government of the country of vessel's registry as a prerequisite to the execution of such a contract, applicants attach a certified copy of such official action or approval. If a vessel in category (b) (2) attains twenty years of age on or prior to the effective date of this insurance, applicants agree that the subject insurance shall not attach without Maritime Administration approval.

Category (c) applications: A copy of the statement of vessel's service previously submitted by the applicant, which was the subject of a finding by the Maritime Administrator that such service is deemed to be in the interest of the national defense or the national economy of the United States.

Warranted free from any claim for loss, damage or expense covered under any commercial policy in effect for the benefit of the assured.

Warranted free from any claim for loss, damage or expense which is or could be covered by a commercial war risk policy containing the American Institute War Risk and Strikes and Automatic Termination and Cancellation Clauses (Time)—Hulls—(March 7, 1961).

The warranties and representations in this application, which are made in consideration of the issuance of the insurance above indicated, shall become a part of and be deemed incorporated in the binder and in any insurance policy issued thereunder, to the same extent as though set out in full in such documents.

Binding fee (not returnable unless application is rejected). \$25.00.

Check payable to the order of "Maritime Adm.—Commerce," enclosed herewith.

Rate of premium—to be fixed by the Maritime Administrator, acting for the Secretary of Commerce.

Dated _____, 19__

Applicant(s) _____
By: _____
(Authorized signature)

By: _____
(Authorized signature)

Binder to be sent to:

Name _____
Address _____

(Applications on category (a) vessels to be submitted, in duplicate, with required attachments, to the American War Risk Agency, 99 John Street, New York 38, N.Y. Applications on all other vessels to be submitted, in triplicate, with required attach-

ments, to the Division of Insurance, U.S. Maritime Administration, Washington 25, D.C.)

§ 308.202 Issuance of interim binder; its terms and conditions.

Upon acceptance of an application, an interim binder in form as set forth in § 308.206 will be issued and there shall be deemed to be incorporated therein by reference all the terms, conditions, and warranties contained in the application for war risk protection and indemnity insurance (set forth in § 308.201) and the standard war risk protection and indemnity insurance policy (set forth in § 308.207) to the same extent as if such application and policy were made a part of the binder. The binding fee shall be \$25.00.

§ 308.203 Sum which will be insured under interim binder.

The sum insured shall be the amount stated in the application, but not in excess of \$250.00 per gross ton of the vessel.

§ 308.204 Additional war risk protection and indemnity insurance.

Owners or charterers may obtain, on an excess basis, additional war risk protection and indemnity insurance in such amounts as desired and such insurance shall not inure to the benefit of the Maritime Administrator, as underwriter.

§ 308.205 Reporting casualties and filing claims.

All casualties occurring after insurance under a binder has attached shall be reported promptly to, and all claim documents filed with, the Division of Insurance, Maritime Administration, Department of Commerce, Washington 25, D.C.

§ 308.206 Standard form of war risk protection and indemnity insurance interim binder.

The following is the standard form of war risk protection and indemnity insurance interim binder:

Form MA-186 (Revised 5-61)

UNITED STATES OF AMERICA DEPARTMENT OF COMMERCE MARITIME ADMINISTRATION

WAR RISK PROTECTION AND INDEMNITY INSURANCE—INTERIM BINDER NO. WR P & I

The United States of America, represented by the Maritime Administrator, acting for the Secretary of Commerce, in consideration of the binding fee and premium provided for herein, hereby insures, in accordance with applicable provisions of law and subject to all limitations thereof, particularly Title XII of Merchant Marine Act, 1936, as amended, against War Risk Protection and Indemnity liabilities only, subject to the terms, conditions, warranties and representations stated herein or incorporated by reference:

Assured _____
Owner _____
Loss, if any, payable to _____ or order.
On _____
(Vessel's name) (Official No.)
(Category) (Flag)
(Gross tonnage) (Date built)
Sum insured _____ dollars (\$_____) but not exceeding \$250 per gross ton of the insured vessel.

Attaching automatically upon and simultaneously with the outbreak of war (whether there be a declaration of war or not) between any of the following countries: United States of America, United Kingdom (or any other member of the British Commonwealth), France, the Union of Soviet Socialist Republics, the People's Republic of China; upon the occurrence of any prior hostile act or acts by any of the said countries resulting in such outbreak of war and occurring within a period of 90 days preceding such outbreak of war.

Terminating thirty (30) days after the outbreak of war (whether there be a declaration of war or not) between any of the aforesaid countries.

Assured to have privilege of deferring attachment by giving written or telegraphic notice to the Underwriting Agent prior to the attachment of risk.

This binder shall automatically expire at midnight, June 7, 1962, G.m.t., unless insurance hereunder has attached prior to that date.

Warranties, terms, and conditions: Warranted free from any claim for loss, damage or expense covered under any commercial policy in effect for the benefit of the assured.

Warranted free from any claim for loss, damage or expense which is or could be covered by a commercial war risk policy containing the American Institute War Risk and Strikes and Automatic Termination and Cancellation Clauses (Time)—Hulls—(March 7, 1961).

Warranted, as to a vessel in any eligible category of the application, that at all times during the binder period or any period of insurance attaching hereunder, the vessel will comply with Department of Commerce, Transportation Orders T-1 and T-2 or any modification thereof so long as they remain in force.

Warranted, as to a vessel in any eligible category of the application, that, without prior approval of the Maritime Administration, the vessel will not, at any time during the binder period or any period of insurance attaching hereunder, be chartered for a period of longer than six (6) months, or for a voyage or voyages the duration of which will probably exceed six (6) months, to any person not a citizen of the United States, nor be chartered to such a non-citizen under a demise or bareboat form of charter, nor be chartered to such a non-citizen for the carriage of cargoes of any kind to or from any of the countries listed in Maritime Administration General Order 59 or any modification thereof so long as it remains in force, or for use in the fisheries.

Warranted further, as to a vessel in category (a) of the application, that at and from the date of issuance of this binder and for and during the term of any insurance attaching hereunder, such vessel is eligible within its category, and if at any time during the binder period or after insurance attaches such vessel shall cease to be eligible within its category, this binder and any insurance provided hereunder shall automatically terminate at the time of such change, without return of binding fee or premium, unless the Maritime Administration agrees otherwise; and as to a vessel in category (b) (1) or (b) (2) of the application that such vessel will maintain its eligibility within its applicable category at all times from and after the issuance of this interim binder, and will be made available to the U.S. Government upon request in the event of national emergency, pursuant to the terms of the Contract of Commitment executed by the assured; and as to a vessel in category (c) of the application that at all times such vessel will remain in the approved service which the Maritime Administrator found to be in the interest of the national economy or the national defense of the United States; and in the event of the breach of any warranty contained in this paragraph, such

binder and any insurance attaching thereunder, shall automatically terminate at the time of such breach, without return of binding fee or premium, unless the Maritime Administration agrees otherwise.

There shall be deemed to be incorporated herein (a) any other warranties of the applicant (express or implied) and all representations and agreements which are made a part of the application, and (b) all of the terms, conditions and warranties contained in the war risk protection and indemnity insurance policy set forth in § 308.207 hereof (Part 308, Title 46, Code of Federal Regulations). To the extent there is inconsistency between the terms of such war risk protection and indemnity insurance policy and the terms of this binder including the warranties, agreements and representations of the applicant, the terms of the binder together with the warranties, agreements and representations of applicant shall prevail.

Premium: Rate to be fixed promptly after the happening of the event causing the "American Institute War Risk and Strikes and Automatic Termination and Cancellation Clauses (Time)—Hulls—(March 7, 1961)" of any war risk policies to become operative and the premium shall be payable within ten days after receipt of notice of the amount thereof by the assured. Premium shall be paid to the Underwriting Agent that issued the binders by check payable to the order of "Maritime Adm.—Commerce."

Privilege is granted to effect, on an excess basis, additional war risk protection and indemnity insurance, which insurance shall not inure to the benefit of the Maritime Administrator, as underwriter.

Claims: Casualties arising after the attachment of insurance hereunder shall be reported promptly to the Division of Insurance, Maritime Administration, Department of Commerce, Washington 25, D.C., and all claim documents shall likewise be filed with such Division.

The Underwriting Agent does not, by countersigning this binder or in any other manner, warrant its own authority, or the authority of the Maritime Administrator, acting for the Secretary of Commerce, to issue this instrument, but acts solely under the power conveyed to the Underwriting Agent by the Agreement made with the Maritime Administrator, acting for the Secretary of Commerce.

UNITED STATES OF AMERICA,
By Maritime Administrator,
acting for the Secretary
of Commerce.

(Maritime Administrator)

Countersigned at New York, N.Y., this
----- day of -----, 19--

AMERICAN WAR RISK AGENCY,
By -----
(Authorized underwriting
agent)

Not valid unless countersigned by an authorized underwriting agent.

§ 308.207 Standard form of war risk protection and indemnity insurance policy.

The following is the standard form of war risk protection and indemnity insurance policy:

Form MA-241 (10-59)

Policy No. P. & I. -----

UNITED STATES OF AMERICA

Represented by the Maritime Administrator, acting for the Secretary of Commerce (sometimes hereinafter called the Underwriter), by this policy of insurance, in accordance with applicable provisions of law and subject to all limitations thereof, and in consideration of the stipulations herein

named and of ----- dollars, being premium at the rate of -----, does insure ----- hereinafter called the Assured.

Loss, if any, payable to ----- or order. In the sum of ----- dollars at and from the ----- day of ----- 19-- time until the ----- day of ----- 19-- time, against the liabilities of the Assured as hereinafter described, and subject to the terms and conditions hereinafter set forth, in respect of the vessel

(Vessel) (Official No.)

(or by whatsoever other name or names the said vessel is or shall be called).

The Underwriter undertakes to make good to the Assured all such loss and/or damage and/or expense as the Assured shall, as owner of the vessel named herein, have become legally liable to pay and shall pay on account of the liabilities, risks, events and/or happenings herein set forth:

Loss of life, injury, and illness. (1) Liability for life salvage, loss of life of, or personal injury to, or illness of, any person, not including, however, unless otherwise agreed by endorsement hereon, liability to an employee (other than a seaman) of the Assured or, in case of his death, to his beneficiaries under any compensation act. Liability hereunder shall also include burial expenses not exceeding \$200, where reasonably incurred by the Assured for the burial of any seaman. The term Person as aforesaid shall include any person or persons carried on the insured vessel.

(a) Insurance hereunder shall not cover any liability under the provisions of Public Law 267, 64th Congress, approved September 7, 1916, as amended, now known as the Federal Employees Compensation Act, or under the provisions of section 2(c) of Public Law 17, 78th Congress, approved March 24, 1943, as amended.

(b) Insurance hereunder in connection with the handling of cargo for the insured vessel shall commence from the time of receipt by the Assured of the cargo on dock or wharf, or on craft alongside for loading, and shall continue until due delivery thereof from dock or wharf of discharge or until discharge from the insured vessel on to a craft alongside.

Repatriation expenses. (2) Liability for expenses reasonably incurred in necessarily repatriating any member of the crew or any other person employed on board the insured vessel: *Provided, however,* That the Assured shall not be entitled to recover any such expenses incurred by reason of the expiration of the shipping agreement, other than by sea perils, or by the voluntary termination of the agreement. Wages shall be recoverable hereunder only when payable under statutory obligation during unemployment due to the wreck or loss of the insured vessel.

Collision. (3) Liability for loss or damage arising from collision of the insured vessel with another ship or vessel insofar as such liability is excluded from the liabilities insured under the following four-fourths Collision Clause in the United States of America Hull Policy (MA-240): "And it is further agreed that if the Vessel hereby insured shall come into collision with any other Ship or Vessel and the Assured or the Charterers or the Surety in consequence of the insured Vessel being at fault shall become liable to pay and shall pay by way of damages to any other person or persons any sum or sums in respect of such collision, the Underwriter will pay the Assured, or the Charterers, or the Surety, whichever shall have paid, such proportion of such sum or sums so paid as its subscription hereto bears to the value of the vessel hereby insured, provided always that its liability in respect to any one such collision shall not exceed its proportionate part of the value of the Vessel hereby insured. And in cases where the liability of the Vessel has been contested, or proceedings have been

taken to limit liability, with the consent in writing of the Underwriter it will also pay a like proportion of the costs which the Assured or Charterers shall thereby incur, or be compelled to pay; but when both Vessels are to blame, then, unless the liability of the Owners or Charterers of one or both such Vessels becomes limited by law, claims under the Collision Clause shall be settled on the principle of Cross-Liabilities as if the Owners or Charterers of each Vessel had been compelled to pay to the Owners or Charterers of the other of such Vessels such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Assured or Charterers in consequence of such collision; and it is further agreed that the principles involved in this clause shall apply to the case where both Vessels are the property, in part or in whole, of the same Owners or Charterers, all questions of responsibility and amount of liability as between the two Vessels being left to the decision of a single Arbitrator, if the parties can agree upon a single Arbitrator, or failing such agreement, to the decision of Arbitrators, one to be appointed by the Managing Owners or Charterers of both Vessels, and one to be appointed by the Underwriter; the two Arbitrators chosen to choose a third Arbitrator before entering upon the reference, and the decision of such single, or of any two of such three Arbitrators, appointed as above, to be final and binding. Provided always that this clause shall in no case extend to any sum which the Assured, or the Charterers, or the Surety, may become liable to pay or shall pay for removal of obstructions under statutory powers, for injury to harbors, wharves, piers, stages, structures, or any other objects (excepting other Vessels and property thereon), consequent on such collision or in respect of the cargo, baggage or engagements of the Insured Vessel, or for loss of life, or personal injury. And provided also that in the event of any claim under this clause being made by anyone other than the Owners of the Vessel hereby insured, he shall not be entitled to recover in respect of any liability to which the Owners of the Vessel as such would not be subject, nor to a greater extent than the Owners would be entitled in such event to recover."

Provided, however, That insurance hereunder shall not extend to any liability, whether direct or indirect, in respect of the engagements of or the detention or loss of time of the insured vessel.

(a) Claims hereunder shall be settled on the principles of Cross-Liabilities to the same extent only as provided in the four-fourths Collision Clause above mentioned.

(b) Where both vessels are the property, in part or in whole, of the same Owners or Charterers, claims hereunder shall be settled on the basis of the principles set forth in the four-fourths Collision Clause above mentioned.

(c) Claims hereunder shall be separated among the several classes enumerated in this policy and each class shall be subject to the special conditions applicable in respect to such class.

(d) Notwithstanding the foregoing, the Underwriter shall not be liable for any claims hereunder where the various liabilities resulting from such collision, or any of them, have been compromised, settled or adjusted without the written consent of the Underwriter.

Damage caused otherwise than by collision.

(4) Liability for loss of or damage to any other vessel or craft, or to property on board such other vessel or craft, caused otherwise than by collision of the insured vessel with another vessel or craft.

(a) Where such other vessel or craft or property on board such other vessel or craft belongs to the Assured, claims hereunder shall be adjusted as if it belonged to a third

person: *Provided, however, That if such vessel, craft or property be insured, the Underwriter shall be liable hereunder only insofar as the loss or damage, but for the insurance herein provided, is not or would not be recoverable by the Assured under such other insurance.*

Damage to docks, buoys, etc. (5) Liability for damage to any dock, pier, jetty, bridge, harbor, breakwater, structure, beacon, buoy, lighthouse, cable or to any fixed or movable object or property whatsoever, except another vessel or craft or property on another vessel or craft or on the insured vessel unless elsewhere covered herein.

(a) Where there would be a valid claim hereunder but for the fact that the damaged property belongs to the Assured, the Underwriter shall be liable as if such damaged property belonged to another, but only for the excess over any amount recoverable under any other insurance applicable on the property.

Wreck removal. (6) Liability for costs or expenses of or incidental to the removal of the wreck of the insured vessel if legally liable therefor: *Provided, however, That:*

(a) From such costs and expenses shall be deducted the value of any salvage from or which might have been recovered from the wreck inuring, or which might have incurred, to the benefit of the Assured;

(b) The Underwriter shall not be liable for any costs or expenses which would be covered by full insurance under the United States of America Hull Policy (MA-240);

(c) In the event that the wreck of the insured vessel is upon property owned, leased, rented or otherwise occupied by the Assured, the Underwriter shall be liable for any liability for removal of the wreck which would be imposed upon the Assured by law in the absence of contract if the wreck had been upon the property belonging to another, but only for the excess over any amount recoverable under any other insurance applicable thereto.

Cargo. (7) Liability for loss of or damage to or in connection with cargo or other property (except mail or parcel post), including baggage and personal effects of persons other than members of the crew, and not exceeding \$100 per person, to be carried, carried, or which has been carried on board the insured vessel: *Provided, however, That no liability shall exist hereunder for:*

Specie, bullion, jewelry, etc. (a) Loss, damage or expense incurred in connection with the custody, carriage or delivery of specie, bullion, precious stones, precious metals, jewelry, silks, furs, banknotes, bonds or other negotiable documents, or similar valuable property;

Refrigeration. (b) Loss, damage or expense arising out of or in connection with the care, custody, carriage or delivery of cargo requiring refrigeration, unless the spaces, apparatus, and means used for the care, custody and carriage thereof have been surveyed by a classification or other competent disinterested surveyor under working conditions before the commencement of each round voyage unless otherwise agreed and found in all respects fit, and unless the Underwriter has approved in writing the form of contract under which such cargo is accepted for transportation;

Deviation. (c) Loss, damage or expense arising from any deviation, or proposed deviation, not authorized by the contract of affreightment, known to the Assured in time to insure specifically the liability therefor, unless notice thereof is given to the Underwriter and the Underwriter agrees, in writing, that such insurance is unnecessary;

Stowage in improper spaces. (d) Loss, damage or expense arising with respect to under deck cargo stowed on deck or with respect to cargo stowed in spaces not suitable for its carriage, unless the Assured shall show that every reasonable precaution has

been taken by him to prevent such improper stowage;

Misdescription of goods. (e) Loss, damage or expense arising out of or as a result of the issuance of bills of lading which, to the knowledge of the Assured, improperly described the goods or their containers as to condition or quantity;

(f) Loss, damage or expense arising from issuance of clean bills of lading for goods known to be missing, unsound or damaged;

(g) Loss, damage or expense arising from the intentional issuance of bills of lading prior to receipt of the goods described therein, or covering goods not received at all;

(h) Loss, damage or expense arising from delivery of cargo without surrender of order bills of lading;

Freight. (i) Freight on cargo short-delivered, whether or not prepaid or whether or not included in the claim and paid by the Assured: *And provided further, That:*

(j) Liability hereunder shall in no event exceed that which would be imposed by law in the absence of contract;

Protective clauses required in contract of affreightment. (k) Liability hereunder shall be limited to such as would exist if the charter party, bill of lading, or contract of affreightment contained (i) a negligence general average clause in the form hereinafter specified under paragraph (12); (ii) a clause providing that any provision of the charter party, bill of lading, or contract of affreightment to the contrary notwithstanding, the Assured and the insured vessel shall have the benefit of all limitations of and exemptions from liability accorded to the owner or chartered owner of vessels by any statute or rule of law for the time being in force; (iii) such clauses, if any, as are required by law to be stated therein; (iv) and such other protective clauses as are generally in use in the particular trade;

Carriage of Goods by Sea Act. (l) When cargo carried by the insured vessel is under a bill of lading or similar document of title subject or made subject to the Carriage of Goods by Sea Act of the United States or a law of any other country of similar import, liability hereunder shall be limited to such as is imposed by said Act or law, and if the Assured or the insured vessel assumes any greater liability or obligation, either in respect of the valuation of the cargo or in any other respect, then the minimum liabilities and obligations imposed by said Act or law, such greater liability or obligation shall not be covered hereunder;

Limit of \$500 per package. (m) When cargo carried by the insured vessel is under a charter party, bill of lading, or contract of affreightment not subject or made subject to the Carriage of Goods by Sea Act of the United States or a law of any other country of similar import, liability hereunder shall be limited to such as would exist if said charter party, bill of lading, or contract of affreightment contained a clause exempting the Assured and the insured vessel from liability for losses arising from unseaworthiness provided that due diligence shall have been exercised to make the vessel seaworthy and properly manned, equipped, and supplied, and a clause limiting the Assured's liability for total loss or damage to goods shipped to \$500 per package, or in case of goods not shipped in packages, per customary freight unit, and providing for pro rata adjustment on such basis for partial loss or damage. The provisions of clauses (k), (l) and (m) herein may, however, be waived or altered by the Underwriter on terms agreed in writing;

Oral contract. (n) In the event cargo is carried under an arrangement not reduced to writing, the Underwriter's liability hereunder shall be no greater than if such cargo had been carried under a charter party, bill of lading or contract of affreightment containing the clauses referred to herein;

Assured's own cargo. (o) Where cargo on board the insured vessel is the property of the Assured, such cargo shall be deemed to be carried under a contract containing the protective clauses described in clauses (k), (l) and (m) herein; and such cargo shall be deemed to be fully insured under the usual form of cargo policy, and in case of loss or of damage to such cargo the Assured shall be insured hereunder in respect of such loss or damage only to the extent that he would have been if the cargo had belonged to another, but only in the event and to the extent that the loss or damage would not be recoverable from marine insurers under a cargo policy as above specified;

Transportation on land or on another vessel or craft. (p) No liability shall exist hereunder for any loss, damage or expense in respect of cargo or other property, including baggage and personal effects of persons other than members of the crew, being transported on land or on another vessel or craft;

Cargo on dock. (q) No liability shall exist hereunder for any loss, damage or expense in respect of cargo or other property, including baggage and personal effects of persons other than members of the crew, before loading on or after discharge from the insured vessel caused by flood, tide, windstorm, earthquake, fire, explosion, heat, cold, deterioration, collapse of wharf, leaky shed, theft, or pilferage unless such loss, damage or expense is caused directly by the insured vessel, her master, officers or crew.

Fines and penalties. (8) Liability for fines and penalties for the violation of any laws of the United States, or of any State thereof, or of any foreign country: *Provided, however,* That the Underwriter shall not be liable to indemnify the Assured against any such fines or penalties resulting directly or indirectly from the failure, neglect or fault of the Assured or its managing officers to exercise the highest degree of diligence to prevent a violation of any such laws.

Mutiny, misconduct. (9) Liability for expenses incurred in resisting any unfounded claim by the master or crew or other person employed on board the insured vessel, or in prosecuting such person or persons in case of mutiny or other misconduct; not including, however, costs of successfully defending claims elsewhere protected in this policy.

Quarantine expenses. (10) Liability for extraordinary expenses, incurred in consequence of the outbreak of plague, or other disease on the insured vessel, for disinfection of the vessel or of persons on board, or for quarantine expenses not being the ordinary expenses of loading or discharging, nor the ordinary wages or provisions of crew or passengers: *Provided, however,* That no liability shall exist hereunder if the vessel be ordered to proceed to a port where it is known that she will be subjected to quarantine.

Putting in expenses. (11) Liability for port charges incurred solely for the purpose of putting into land an injured or sick seaman, and the net loss to the Assured in respect of bunkers, insurance, stores and provisions as the result of the deviation.

Cargo's proportion G/A. (12) Liability for Cargo's proportion of General Average, including special charges, so far as the Assured cannot recover the same from any other source: *Provided, however,* That if the charter party, bill of lading or contract of affreightment does not contain the negligence general average clause quoted below, the Underwriter's liability hereunder shall be limited to such as would exist if such clause were contained therein, viz:

Negligence G/A clause. "In the event of accident, danger, damage, or disaster, before or after commencement of the voyage resulting from any cause whatsoever, whether due

to negligence or not, for which, or for the consequence of which, the Carrier is not responsible, by statute, contract, or otherwise, the goods, the shipper and the consignee, jointly and severally, shall contribute with the Carrier in general average to the payment of any sacrifices, losses, or expenses of a general average nature that may be made or incurred, and shall pay salvage and special charges incurred in respect of the goods. If a salving ship is owned or operated by the Carrier, salvage shall be paid for as fully and in the same manner as if such salving ship or ships belong to strangers."

Expenses and law costs. (13) Liability for costs, charges and expenses reasonably incurred and paid by the Assured in connection with any liability insured under this policy, provided that the Assured shall not be entitled to indemnity for the cost or expense of prosecuting or defending any claim or suit unless the same shall have been incurred with the approval in writing of the Underwriter, or the Underwriter shall be satisfied that such approval could not have been obtained under the circumstances without unreasonable delay, or that the expenses were reasonably and properly incurred. The cost and expense of prosecuting any claim in which the Underwriter shall have an interest by subrogation or otherwise shall be divided between the Assured and the Underwriter in proportion to the amounts which they would have been entitled to receive respectively, if the suit should be successful.

(14) Expenses which the Assured may incur under authorization of the Underwriter in the interest of the Underwriter.

GENERAL CONDITIONS AND LIMITATIONS

Prompt notice of claim. (15) In the event of any happening which may result in loss, damage or expense for which the Underwriter may become liable, prompt notice thereof, on being known to the Assured, shall be given by the Assured to the Underwriter, but failure to give such prompt notice because of war-time emergency conditions shall not prejudice this insurance. The Underwriter shall not be liable for any claim not presented to the Underwriter with proper proofs of loss within twenty-four (24) months after payment by the Assured.

Time for suit. (16) In no event shall suit on any claim be maintainable against the Underwriter unless commenced within twenty-four (24) months after the loss, damage or expenses resulting from liabilities, risks, events, occurrences and expenditures specified under this policy shall have been paid by the Assured.

Settlement of claims. (17) The Assured shall not make any admission of liability, either before or after any occurrence, which may result in a claim for which the Underwriter may be liable. The Assured shall not interfere in any negotiations of the Underwriter for settlement of any legal proceedings in respect of any occurrences for which the Underwriter is liable under this policy; *Provided, however,* That in respect of any occurrence likely to give rise to a claim under this policy, the Assured is obligated to and shall take such steps to protect his and the Underwriter's interests as would reasonably be taken in the absence of this or similar insurance. If the Assured shall fail or refuse to settle any claim as authorized or directed by the Underwriter, the liability of the Underwriter to the Assured shall be limited to the amount for which settlement could have been made or, if the amount is unknown, to the amount which the Underwriter authorized.

Defense of claims. (18) Whenever required by the Underwriter, the Assured shall aid in securing information and evidence and in obtaining witnesses and shall cooperate with the Underwriter in the defense of any claim or suit or in the appeal from any

judgment, in respect of any occurrence as hereinbefore provided.

Assumed contractual liability. (19) Unless otherwise agreed by endorsement hereon, the Underwriter's liability shall in no event exceed that which would be imposed on the Assured by law in the absence of contract: *Provided, however,* That the Assured's right of indemnity from the Underwriter shall include any loss, damage or expense covered under the provisions of this policy arising as a result of any contract for the employment of tugs where such contract is one which is substantially similar to those customarily in use or in force during the currency of this policy. The Assured's right of indemnity hereunder shall not include any liability for loss, damage or expense arising from collision between the insured vessel and another vessel or craft, other than liability consequent on such collision, (a) for removal of obstructions under statutory powers, (b) for damage to any dock, pier, jetty, bridge, harbor, breakwater, structure, beacon, buoy, light-house, cable or similar structures, (c) in respect of the cargo of the insured vessel and (d) for loss of life, personal injury and illness.

Assignment. (20) No claim or demand against the Underwriter shall be assigned or transferred, and no person, other than a receiver of the property or the estate of the Assured, shall acquire any right against the Underwriter without the express consent of the Underwriter: *Provided, however,* That this shall not affect the rights of any assignee under an assignment made by virtue of any governmental order or decree, in which event such assignee shall have and possess all of the rights of its predecessor in assignment.

Subrogation. (21) The Underwriter shall be subrogated to all the rights which the Assured may have against any other person or entity, in respect of any payment made under this policy, to the extent of such payment, and the Assured shall, upon the request of the Underwriter, execute all documents necessary to secure to the Underwriter such rights.

Double insurance. (22) The Underwriter shall not be liable for any loss or damage against which, but for the insurance hereunder, the Assured is or would be insured under existing insurance excepting as provided in paragraph (1)(a) hereof.

Limitation of liability. (23) If and when the Assured under this policy has any interest other than as an owner or bareboat charterer of the insured vessel, in no event shall the Underwriter be liable hereunder to any greater extent than that if such Assured were the owner or bareboat charterer and were entitled to all the rights of limitation to which a shipowner is entitled.

Risks excluded. (24) Notwithstanding anything to the contrary contained in this policy, the Underwriter shall not be liable for any loss, damage, or expense sustained, directly or indirectly by reason of:

(a) Loss, damage, or expense to hull, machinery, equipment or fittings of the insured vessel, including refrigerating apparatus and wireless equipment, whether or not owned by the Assured;

(b) Cancellation or breach of any charter or contract, detention of the vessel, bad debts, insolvency, fraud of agents, loss of freight, passage money, hire, demurrage, or any other loss of revenue;

(c) Any loss, damage, sacrifice, or expense which would be payable under the terms of the United States of America Hull Policy (MA-240), on hull, machinery, etc., whether or not the insured vessel is fully covered by insurance sufficient in amount to pay such loss, damage, sacrifice or expense;

(d) The insured vessel towing any other vessel or craft, unless such towage was to assist such other vessel or craft in distress

to a port or place of safety: *Provided, however*, That this exception shall not apply to claims covered under paragraph (1) of this policy;

(e) For any claim for loss of life, personal injury or illness in relation to the handling of cargo where such claim arises under a contract of indemnity between the Assured and his subcontractor.

F. C. and S. Clause. (25) Notwithstanding anything to the contrary contained in this policy, the Underwriter shall not be liable for or in respect of any loss, damage or expense, sustained by reason of capture, seizure, arrest, restraint or detention, or the consequences thereof or of any attempt thereat; or sustained in consequence of military, naval or air action by force of arms, including mines and torpedoes or other missiles or engines of war, whether of enemy or friendly origin; or sustained in consequence of placing the vessel in jeopardy as an act or measure of war taken in the actual process of a military engagement, including embarking or disembarking troops or material of war in the immediate zone of such engagement; and any such loss, damage and expense shall be excluded from this policy without regard to whether the Assured's liability therefor is based on negligence or otherwise, and whether before or after a declaration of war.

(26) Liability hereunder in respect of any one accident or occurrence is limited to the amount hereby insured.

In witness whereof, the Maritime Administrator, acting for the Secretary of Commerce, has signed this policy but it shall not be valid unless countersigned by an authorized underwriting agent.

UNITED STATES OF AMERICA,
By *Maritime Administrator,*
acting for the Secretary
of Commerce.

(Maritime Administrator)

The Underwriting Agent does not, by countersigning this policy or in any other manner, warrant its own authority, or the authority of the Maritime Administrator, acting for the Secretary of Commerce, to issue this instrument, but acts solely under the power conveyed to the Underwriting Agent by the Agreement made with the Maritime Administrator, acting for the Secretary of Commerce.

Countersigned at _____ this _____ day of _____ 19____

(Authorized underwriting agent)

By _____

Form MA-241-A (10-59)

UNITED STATES OF AMERICA

WAR RISK PROTECTION AND INDEMNITY CLAUSES

Endorsement attached to and made part of Policy No. P. & I. _____

(1) This insurance to cover only the liability of the Assured for those protection and indemnity risks excluded from the Marine Protection and Indemnity Policy, to which these clauses are attached, by the F.C. & S. Clause contained therein.

(2) This insurance also to cover liability of the Assured for (a) strikes, riots and civil commotions and (b) for contractual repatriation expenses of any member of the crew as a result of perils excluded by the aforesaid F.C. & S. Clause.

(3) Claims for which the Underwriter shall be liable under these clauses shall not be subject to any deduction.

(4) The liability of the Underwriter under these clauses in respect of any one accident or series of accidents arising out of the same casualty shall be limited to the sum hereby insured, but not exceeding \$250 per gross ton of the vessel.

(5) In the event of loss or shipwreck of the vessel from any cause prior to the natural expiry of this policy, this insurance shall continue to cover the liability of the Assured to the crew of the insured vessel, subject to its terms and conditions and at an additional premium if so required by the Underwriter, until the crew shall be either discharged or landed at a port or place to which the owners or charterers are obliged to bring them.

(6) If at the natural expiry time of this insurance the vessel is at sea, this insurance will be extended, provided notice be given to the Underwriter as soon as practicable and an additional premium paid, if required, until midnight, G.M.T. of the day on which the vessel enters the next port to which she proceeds and for 24 hours thereafter.

(7) Warranted no cancellation except by mutual consent: *Provided, however*, That if the vessel shall be requisitioned by the United States on a basis whereby the United States provides the war risk insurance, then this insurance shall terminate and pro rata daily return premium shall be paid. In no other event shall there be any return of premium.

(8) Notwithstanding any of the foregoing provisions, all liabilities covered by the Second Seamen's form of policy are excluded from this insurance.

(9) Warranted free from any claim for loss, damage or expense covered under any commercial policy in effect for the benefit of the assured.

(10) Warranted free from any claim for loss, damage or expense which is or could be covered by a commercial war risk policy containing the American Institute War Risk and Strikes and Automatic Termination and Cancellation Clauses (Time)—Hulls—(March 7, 1961).

Subpart D—Second Seamen's War Risk Insurance

§ 308.300 Amounts of insurance for which application may be made.

An applicant for Second Seamen's war risk insurance shall not state the amount of insurance desired, which shall be as provided in § 308.303.

§ 308.301 Form of application.

Applications submitted shall be in strict accordance with the following form:

Form MA-187 (Revised 5-61)

UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE

MARITIME ADMINISTRATION

APPLICATION FOR SECOND SEAMEN'S WAR RISK INSURANCE

Application is made for Second Seamen's War Risk Insurance (1955) pursuant to Title XII of Merchant Marine Act, 1936, as amended, and in accordance with all provisions of law and subject to all limitations thereof:

Assured(s) _____

Address(es) _____

Owner _____

Address _____

Loss, if any, payable in accordance with applicable provisions of Second Seamen's War Risk Policy (1955).

(Vessel's name) _____ (Official No.) _____

(Flag) _____ (Gross tonnage) _____

(Date built) _____

In the amount specified in the Second Seamen's War Risk Policy (1955) or as modified by shipping articles, collective bargaining agreements or other applicable employ-

ment agreements which are in effect as of the date of a casualty involving the subject vessel. Upon the attachment of this binder, the number of crew members and modified benefits payable as of that date shall be declared immediately to the Underwriting Agent. Any subsequent changes will be likewise declared.

To attach automatically upon and simultaneously with the outbreak of war (whether there be a declaration of war or not) between any of the following countries: United States of America, United Kingdom (or any other member of the British Commonwealth), France, the Union of Soviet Socialist Republics, the People's Republic of China; upon the occurrence of any prior hostile act or acts by any of the said countries resulting in such outbreak of war and occurring within a period of 90 days preceding such outbreak of war.

To terminate thirty (30) days after the outbreak of war (whether there be a declaration of war or not) between any of the aforesaid countries.

Terms and conditions: Subject to form of policy prescribed by the Maritime Administrator, acting for the Secretary of Commerce.

The category (one only) of eligibility under which application is made must be designated.

□ (a)

A vessel registered, enrolled or licensed under the laws of the United States; any tug or barge or other watercraft (documented under the laws of the United States, or undocumented) owned by a citizen of the United States, used in essential water transportation within the territorial waters of the United States; and United States citizen-owned watercraft in the fishing trade or industry, except when used exclusively in or for sport fishing.

□ (b) (1)

A foreign-flag vessel under Panamanian, Honduran or Liberian registry, 1500 gross tons and over, self-propelled, and not over twenty years of age (unless authorized by the Maritime Administration), which is subject to an unqualified Contract of Commitment with the United States in form as required by the Maritime Administration, and which is owned by a U.S. corporation, or a foreign corporation in which a majority of the stock is owned and controlled by United States citizens, whether direct or through intervening corporations, foreign or domestic. Where such intervening corporations are foreign, the ultimate majority ownership and control of the stock of such corporations must be vested in a citizen or citizens of the United States as defined in Section 1201(d), Merchant Marine Act, 1936, as amended.

□ (b) (2)

A foreign-flag vessel under Panamanian, Honduran or Liberian registry, 1500 gross tons and over, self-propelled, and not over twenty years of age (unless authorized by the Maritime Administration), which is subject to an unqualified Contract of Commitment with the United States in form as required by the Maritime Administration, and which is owned by a foreign corporation which is not directly or beneficially owned by United States citizens or corporations, but which vessel is under a long-term charter or other long-term contract covering the use of the vessel on terms deemed by the Maritime Administration to subject the vessel to U.S. control in the event of emergency. The charterer of such a vessel must be either a U.S. corporation or a foreign corporation in which a majority of the stock is owned and controlled by U.S. citizens, whether direct or through intervening corporations, foreign or domestic.

Where such intervening corporations are foreign, the ultimate majority ownership and control of the stock of such corporations must be vested in a citizen or citizens of the United States as defined in section 1201(d), Merchant Marine Act, 1936, as amended.

□ (c)

All other vessels will be insured at the sole discretion of the Maritime Administrator but only when engaged in a service which has been determined by the Maritime Administrator to be in the interest of the national defense or the national economy of the United States.

The applicant warrants with respect to a vessel in category (a) that at and from the date of issuance of the interim binder and for and during the term of any insurance attaching thereunder, such vessel will remain eligible within its category.

The applicant further warrants with respect to a vessel in category (b) (1) or (b) (2) that the vessel will maintain its eligibility within its applicable category at all times from and after the issuance of the interim binder, and will be made available to the United States Government upon request in the event of national emergency pursuant to the terms of the Contract of Commitment submitted herewith; and agrees, in this connection, that during the period of the binder and any insurance attaching thereunder, any charter or other contract covering the use of the vessel during such period shall be subject to termination or suspension without notice in the event the United States requires the use of the vessel under the voluntary Contract of Commitment submitted herewith.

With respect to a vessel in category (c), the applicant further warrants that at all times such vessel will remain in the approved service which the Maritime Administrator has found to be in the interest of the national economy or the national defense of the United States.

In addition to the aforesaid warranties, the applicant submits certain statements, certificates and/or agreements which are made part of the insurance application, for vessels in the following categories:

Category (b) (1) applications: (a) An executed Contract of Commitment, in form as prescribed in § 308.5, under which applicant commits itself to make the vessel available to the U.S. Government upon request in the event of national emergency on the same terms and conditions as vessels owned by citizens of the United States are available for requisition, for title, or for use, in accordance with the provisions of section 902(a), Merchant Marine Act, 1936, as amended. In the event this insurance application is determined to be ineligible under the terms of the Maritime Administration's regulations, it is understood that the applicant will be so advised and the executed Contract of Commitment (which is submitted in consideration of the issuance of such insurance) shall be returned to applicant by the Maritime Administration. (b) A certificate of citizenship, in duplicate, executed by the vessel owner establishing that the vessel is owned by a U.S. corporation, or that a majority of the stock of the owning corporation is owned and controlled by U.S. citizens, as defined in section 1201(d), Merchant Marine Act, 1936, as amended, whether direct or through intervening corporations, foreign or domestic. (c) Where such intervening corporations are foreign, an additional certificate in duplicate, shall be executed by each such corporation establishing that the ultimate majority ownership and control of the stock of such corporation is vested in a citizen or citizens of the United States as defined in section 1201(d), Merchant Marine Act, 1936, as amended. All citizenship certificates shall

be in the form prescribed in § 308.4. (d) If prior official action or approval of the Contract of Commitment with the United States is required by the government of the country of vessel's registry as a prerequisite to the execution of such a contract, applicant attaches a certified copy of such official action or approval. If a vessel in category (b) (1) attains twenty years of age on or prior to the effective date of this insurance, applicants agree that the subject insurance shall not attach without Maritime Administration approval.

Category (b) (2) applications: (a) A Contract of Commitment executed by both the owner and charterer in form as prescribed in § 308.5, under which they commit themselves to make the vessel available to the U.S. Government upon request in the event of national emergency on the same terms and conditions as vessels owned by citizens of the United States are available for requisition, for title, or for use, in accordance with the provisions of section 902(a), Merchant Marine Act, 1936, as amended. In the event this insurance application is determined to be ineligible under the terms of the Maritime Administration's regulations, it is understood that the applicants will be so advised and the executed Contract of Commitment (which is submitted in consideration of the issuance of such insurance) shall be returned by the Maritime Administration. (b) A copy of the long-term charter or other long-term contract covering the use of the vessel and all addenda, certified to be full and complete copies (except as to rate of hire or freight). The charterer also agrees to furnish the Maritime Administration a certified copy of any subsequent amendments to such charter. (c) A certificate of citizenship, in duplicate, executed by the charterer establishing that it is a U.S. corporation, or a foreign corporation in which a majority of the stock is owned and controlled by U.S. citizens, whether direct or through intervening corporations, which may be either foreign or domestic. (d) Where such intervening corporations are foreign, an additional certificate, in duplicate, shall be executed by each such corporation establishing that the ultimate majority ownership and control of the stock of such corporation is vested in a citizen or citizens of the United States as defined in section 1201(d), Merchant Marine Act, 1936, as amended. All citizenship certificates shall be in the form prescribed in § 308.4. (e) If prior official action or approval of the Contract of Commitment with the United States is required by the government of the country of vessel's registry as a prerequisite to the execution of such a contract, applicants attach a certified copy of such official action or approval. If a vessel in category (b) (2) attains twenty years of age on or prior to the effective date of this insurance, applicant agrees that the subject insurance shall not attach without Maritime Administration approval.

Category (c) applications: A copy of the statement of vessel's service previously submitted by the applicant, which was the subject of a finding by the Maritime Administrator that such service is deemed to be in the interest of the national defense or the national economy of the United States.

Warranted free from any claim for loss, damage or expense covered under any commercial policy in effect for the benefit of the assured.

Warranted free from any claim for loss, damage or expense which is or could be covered by a commercial war risk policy containing the American Institute War Risk and Strikes and Automatic Termination and Cancellation Clauses (Time)—Hulls—(March 7, 1961).

The warranties and representations in this application, which are made in consideration

of the issuance of the insurance above indicated, shall become a part of and be deemed incorporated in the binder and in any insurance policy issued thereunder, to the same extent as though set out in full in such documents.

Binding fee (not returnable unless application is rejected), \$75.00.

Check payable to the order of "Maritime Adm.—Commerce," enclosed herewith.

Rate of premium—to be fixed by the Maritime Administrator, acting for the Secretary of Commerce.

Dated _____, 19__.

Applicant _____

By: _____

(Authorized signature)

(Authorized signature)

Binder to be sent to:

Name _____

Address _____

(Applications on category (a) vessels to be submitted, in duplicate, with required attachments, to the American War Risk Agency, 99 John Street, New York 38, N.Y. Applications on all other vessels to be submitted, in triplicate, with required attachments, to the Division of Insurance, U.S. Maritime Administration, Washington 25, D.C.)

§ 308.302 Issuance of interim binder; its terms and conditions.

Upon acceptance of an application, an interim binder in form as set forth in § 308.305 will be issued and there shall be deemed to be incorporated therein by reference all the terms, conditions, and warranties contained in the application for Second Seamen's war risk insurance (set forth in § 308.301) and the Second Seamen's War Risk Policy (1955) (set forth in § 308.306) to the same extent as if such application and policy were made a part of the binder. The binding fee shall be \$75.00.

§ 308.303 Sums which will be insured under interim binder.

The sums insured are the amounts specified in the Second Seamen's War Risk Policy (1955) or as modified by shipping articles, collective bargaining agreements or other applicable employment agreements which are in effect as of the date of a casualty involving the subject vessel. Upon the attachment of this binder, the number of crew members and modified benefits payable as of that date shall be declared immediately to the Underwriting Agent that issued the binder. Any subsequent changes shall be likewise declared.

§ 308.304 Reporting casualties and filing claims.

All casualties occurring after insurance under a binder has attached shall be reported promptly to, and all claim documents filed with, the Division of Insurance, Maritime Administration, Department of Commerce, Washington 25, D.C.

§ 308.305 Standard form of Second Seamen's war risk insurance interim binder.

The following is the standard form of Second Seamen's war risk insurance interim binder:

Form MA-188 (Revised 5-61)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

SECOND SEAMEN'S WAR RISK INSURANCE
(1955)—INTERIM BINDER NO. SSWR

The United States of America, represented by the Maritime Administrator, acting for the Secretary of Commerce, in consideration of the binding fee and premium provided for herein, hereby insures, in accordance with applicable provisions of law and subject to all limitations thereof, particularly Title XII of Merchant Marine Act, 1936, as amended, against Second Seamen's War Risk liabilities only, subject to the terms, conditions, warranties and representations stated herein or incorporated by reference:

Assured -----
Owner -----
Loss, if any, payable in accordance with applicable provisions of Second Seamen's War Risk Policy (1955).

(Vessel's name)	(Official No.)
(Category)	(Flag)
(Gross tonnage)	(Date built)

Sums insured: The amounts specified in the Second Seamen's War Risk Policy (1955) or as modified by shipping articles, collective bargaining agreements or other applicable employment agreements which are in effect as of the date of a casualty involving the subject vessel. Upon the attachment of this binder the number of crew members and modified benefits payable as of that date shall be declared immediately to the Underwriting Agent. Any subsequent changes shall be likewise declared and additional premium paid, if required.

Attaching automatically upon and simultaneously with the outbreak of war (whether there be a declaration of war or not) between any of the following countries: United States of America, United Kingdom (or any other member of the British Commonwealth), France, the Union of Soviet Socialist Republics, the People's Republic of China; upon the occurrence of any prior hostile act or acts by any of the said countries resulting in such outbreak of war and occurring within a period of 90 days preceding such outbreak of war.

Terminating thirty (30) days after the outbreak of war (whether there be a declaration of war or not) between any of the aforesaid countries.

Assured to have privilege of deferring attachment by giving written or telegraphic notice to the Underwriting Agent prior to attachment of risk.

This binder shall automatically expire at midnight, June 7, 1962, G.m.t., unless insurance hereunder has attached prior to that date.

Warranties, terms and conditions. Warranted free from any claim for loss, damage or expense covered under any commercial policy in effect for the benefit of the assured.

Warranted free from any claim for loss, damage or expense which is or could be covered by a commercial war risk policy containing the American Institute War Risk and Strikes and Automatic Termination and Cancellation Clauses (Time)—Hulls—(March 7, 1961).

Warranted, as to a vessel in category (a) of the application, that at and from the date of issuance of this binder and for and during the term of any insurance attaching hereunder, such vessel is eligible within its category, and if at any time during the binder period or after insurance attaches such vessel shall cease to be eligible within its cate-

gory, this binder and any insurance provided hereunder shall automatically terminate at the time of such change, without return of binding fee or premium, unless the Maritime Administration agrees otherwise; and as to a vessel in category (b) (1) or (b) (2) of the application that such vessel will maintain its eligibility within its applicable category at all times from and after the issuance of this interim binder, and will be made available to the U.S. Government upon request in the event of national emergency, pursuant to the terms of the Contract of Commitment executed by the assured; and as to a vessel in category (c) of the application that at all times such vessel will remain in the approved service which the Maritime Administrator found to be in the interest of the national economy or the national defense of the United States; and in the event of the breach of any warranty contained in this paragraph, such binder and any insurance attaching thereunder, shall automatically terminate at the time of such breach, without return of binding fee or premium, unless the Maritime Administration agrees otherwise.

There shall be deemed to be incorporated herein (a) any other warranties of the applicant (express or implied) and all representations and agreements which are made a part of the application, and (b) all of the terms, conditions and warranties contained in the Second Seamen's War Risk Policy (1955) set forth in § 308.306 hereof (Part 308, Title 46, Code of Federal Regulations). To the extent there is inconsistency between the terms of such Second Seamen's War Risk Policy (1955) and the terms of this binder including the warranties, agreements and representations of the applicant, the terms of the binder together with the warranties, agreements and representations of applicant shall prevail.

Premium: Rate to be fixed promptly after the happening of the event causing the "American Institute War Risk and Strikes and Automatic Termination and Cancellation Clauses (Time)—Hulls—(March 7, 1961)" of any war risk policies to become operative and premium shall be payable within ten days after receipt of notice of the amount thereof by the assured. Premium shall be paid to the Underwriting Agent that issued the binders by check payable to the order of "Maritime Admin.—Commerce."

Claims: Casualties arising after the attachment of insurance hereunder shall be reported promptly to the Division of Insurance, Maritime Administration, Department of Commerce, Washington 25, D.C., and all claim documents shall likewise be filed with such Division.

The Underwriting Agent does not, by countersigning this binder or in any other manner, warrant its own authority, or the authority of the Maritime Administrator, acting for the Secretary of Commerce, to issue this instrument, but acts solely under the power conveyed to the Underwriting Agent by the Agreement made with the Maritime Administrator, acting for the Secretary of Commerce.

UNITED STATES OF AMERICA,
By Maritime Administrator,
acting for the Secretary
of Commerce.

(Maritime Administrator)

Countersigned at New York, N.Y., this
----- day of ----- 19--

AMERICAN WAR RISK AGENCY,

By -----
(Authorized underwriting
agent)

Not valid unless countersigned by an authorized Underwriting Agent.

§ 308.306 Standard form of Second
Seamen's War Risk Policy (1955).

(a) *Standard form.* The following is the standard form of Second Seamen's War Risk Policy (1955):

Form MA-242 (10-59)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

SECOND SEAMEN'S WAR RISK POLICY
(1955 Standard Form)

Crew Life, Disability, Loss of Effects, and
Detention.

No. SSWR -----
Date -----

Total number of men insured for life and
injury ----- for \$----- each. Premium
Total amount in- \$----- Rate-----% \$-----
sured, life or in-
jury.

Total amount in- \$----- Rate-----% \$-----
sured, personal ef-
fects.

Total amount an- \$----- Rate-----% \$-----
nual wages and
emergency wages.

Total premium----- \$-----

The United States of America (herein called the "Underwriter"), represented by the Maritime Administrator (herein called "Administrator"), acting for the Secretary of Commerce, in consideration of the payment by ----- (herein, for identification purposes only, called the "Operator") of a premium of \$-----, and in accordance with applicable provisions of law and subject to all limitations thereof, particularly Title XII, Merchant Marine Act, 1936, as amended, insures the master, officers and crew, as herein after set forth, of the vessel ----- (Official No. -----), during the period described herein commencing on or about ----- against loss of life, disability (including dismemberment and loss of function), loss of or damage to personal effects, and detention (including the occurrence of other situations hereinafter provided), from the perils and causes hereinafter stated, payable in case of claim in funds current in the United States in accordance with the following schedules and as hereinafter stated.

SCHEDULE 1—LOSS OF LIFE

Master, officers and crew, each----- \$5,000

The amount for which each person is covered by this schedule is the principal sum.

SCHEDULE 2—DISABILITY, INCLUDING DIS-
MEMBERMENT AND LOSS OF FUNCTION

For disability proximately caused by the risks and perils insured against herein, and which arises within ninety days from the date of the happening of such risks and perils, and for dismemberment and loss of function caused by the risks and perils insured against herein, and which result from such a disability or otherwise occur within ninety days from the happening of such risks or perils, the Underwriter will pay to the insured the benefits set forth in the stipulations and conditions.

SCHEDULE 3—CREW EFFECTS

For loss of or damage to the personal effects of the master, officers or members of the crew proximately caused by the risks and perils insured against herein, the Underwriter will pay the amount set forth in the Stipulations and Conditions for the loss of or damage to said effects during the entire period of this policy as hereinafter set forth, and for the loss of or damage to effects proximately caused by the risks and perils insured against herein, purchased or otherwise acquired during the policy to replace effects

lost or damaged by the risks and perils insured against herein, the Underwriter will pay not exceeding \$50.00 for each such loss or damage.

SCHEDULE 4—DETENTION AND REPATRIATION BENEFITS

For detention of the master, officers or members of the crew during the period covered by this policy, and under other situations hereinafter provided, the Underwriter will pay benefits to the insured or for his or their account, as set forth in the stipulations and conditions.

This policy is made and accepted subject to the foregoing and to the following:

STIPULATIONS AND CONDITIONS

Art.

1. Persons insured.
2. Additional insurance.
3. Risks and perils.
4. Period of coverage.
5. Extension of period of coverage.
6. Payment for loss of life.
7. Beneficiaries of insurance for loss of life.
8. (A) Designation and change of beneficiary; (B) continuing designation.
9. Claims.
10. Time for payment of insurance for loss of life.
11. Proof of death.
12. Disability and dismemberment.
13. Physical examination.
14. Personal effects defined.
15. Amount of payment for loss of, or damage to, personal effects.
16. Death of an insured prior to payment for loss of or damage to personal effects.
17. Detention and repatriation benefits.
18. Payment constituting a discharge.
19. Nonassignability.
20. Amount permitted to be paid agents or attorneys.
21. Notice of loss and claim.
22. Limitation of suit.
23. Deviation and change of voyage.
24. "Administrator" defined.
25. Multiple claims against the United States.
26. Amendments and modifications.
27. Payment of premium and cancellation.
28. Extension.

ARTICLE 1. Persons insured. The persons insured by this policy are the master, officers and crew of the vessel described on the face of this policy. Except as to merchant seamen, membership in the vessel's gun crew shall not of itself constitute an individual a member of the crew of the vessel, as that phrase is used herein. Any person or persons insured under any other or similar policy, including the Second Seamen's War Risk Policy (1952), insuring against loss of life or disability (including dismemberment and loss of function) or loss of or damage to personal effects or detention (including the occurrence of other situations hereinafter provided) shall not to the extent of such prior coverage, be entitled to coverage under this policy while such other insurance is in force and effect.

ART. 2. Additional insurance. In the event that any person is employed as a master or officer or member of the crew of said vessel after the commencement of the voyage, the amount of the premium shall be increased proportionately, provided, however, that the failure to pay such additional premium shall not affect the additional coverage.

ART. 3. Risks and perils. The insurance is for loss of life, disability (including dismemberment and loss of function), loss of or damage to personal effects, and detention (including the occurrence of other situations hereinafter provided) of the insured, directly and proximately caused by risks of war and warlike operations, including capture, seizure, destruction by men-of-war, sabotage, piracy, takings at sea, arrests, restraints and

detainments, acts of kings, princes and peoples in the prosecution of hostilities or in the application of sanctions under international agreements, whether before or after declaration of war and whether by a belligerent or otherwise, including factions engaged in civil war, revolution, rebellion or insurrection, scuttling to prevent capture, aerial bombardment, or, attempts at, or measures taken in defense of, all of the foregoing acts, floating or stationary mines, torpedoes, whether derelict or not, collision caused by failure, in compliance with wartime regulations, or said vessel or any vessel with which she is in collision, to show the usual full peacetime navigation or anchorage lights, stranding caused by the absence of lights, buoys, or similar peacetime aids to navigation consequent upon wartime regulations, stranding caused by the failure of said vessel to employ a pilot in waters where a pilot would ordinarily be employed in peacetime, but in which the employment of a pilot is dispensed with in compliance with military, naval or other governmental orders, or with a view to avoiding imminent enemy attack (for the purposes of the foregoing, the failure to show lights, the absence of lights, buoys, etc., and the failure to employ a pilot shall be presumed to be the cause of the collision or stranding unless the contrary be proved, and stranding shall include sinking consequent upon stranding or contact with any part of the land), collision with another vessel in the same convoy or collision with any military or naval vessel, that is to say, a vessel manned by and under the control of military or naval personnel and designed to be employed primarily in armed combat service, stranding, collision or contact with any external substance (including ice, but excluding water), as a result of deliberately placing the vessel in jeopardy, in compliance with military, naval or other governmental orders in order to avoid imminent enemy attack, or as an act or measure of war taken in the actual process of embarking or disembarking troops or loading or unloading material of war.

The fact that a vessel, or any vessel with which such vessel is in collision, is carrying troops or military or other supplies, or is proceeding to or from a war base, or is manned or operated by military or naval personnel, shall not alone be sufficient to include in this policy any claim which is not included by the foregoing terms of this article.

The insurance is also for loss of life, disability (including dismemberment and loss of function), loss of or damage to personal effects, and detention (including the occurrence of other situations hereinafter provided) of the insured, directly and proximately resulting from stranding, sinking, or break-up of the vessel, explosion or fire causing loss of or substantial damage to the vessel, or collision by the vessel or contact with any external substance (including ice, but excluding water), irrespective of whether the same are caused by risks of war or warlike operations or by marine risks and perils.

The word "vessel" shall include any waterborne conveyance used to transport the insured to and from the vessel on which he is employed, and shall also include any airborne conveyance used to transport the insured pursuant to instructions or permission of the Maritime Administration or its agents.

ART. 4. Period of coverage. The period of coverage for each person covered hereunder is:

From the time such person signs the articles or enters into a contract of employment for the voyage of the aforesaid vessel, or, if already on articles for a series of voyages or period of time, from the inception of the aforesaid voyage (i.e., when the vessel is ready to begin the loading of cargo for the aforesaid voyage or to sail in ballast) or, if employed subsequent to the commencement of the voyage, from the time of such employment.

Until such person shall be returned to a place within the continental United States, excluding Alaska, including any period of capture or internment.

Unless sooner terminated by desertion, discharge, accepting employment on another vessel for a purpose other than to be repatriated, or the refusal without good cause to return to the continental United States, excluding Alaska, from any place outside thereof, in any of which events the coverage under this policy shall be at an end. (The term "discharge," as used in this paragraph, does not include instances in which the insured leaves the vessel for medical or hospital treatment or for other causes deemed good and sufficient in the opinion of the Administrator.)

ART. 5. Extension of period of coverage. If the insured returns to the continental United States, excluding Alaska, on a vessel which touches or stays at a place or places within the continental United States, excluding Alaska, other than the place of termination of the voyage and the vessel thence proceeds to such place of termination, the period of coverage in respect to each person covered hereunder who continues to be on board such vessel is extended to the termination of the voyage.

ART. 6. Payment for loss of life. The amount of the payment for loss of life shall be the principal sum stated on the face of this policy, subject, however, to any deductions or additions hereinafter contained.

Payment for loss of life shall be made in a lump sum except that when—

(a) In the opinion of the Administrator conclusive proof of death is not present, or

(b) The insured at the time of designating a beneficiary or beneficiaries requests on the form provided therefor that the amount payable for the loss of life be paid in installments, or

(c) The beneficiary or beneficiaries request in writing that the payment for loss of life be made in installments. Payment for loss of life may, in the discretion of the Administrator, be made in monthly installments not exceeding twenty-four, in which event no interest is to be added or paid. By requesting payment in installments, the insured and the beneficiary or beneficiaries agree on behalf of themselves, their heirs, executors and administrators to be bound by the provisions of paragraph B, article 7 hereof, as well as all other provisions contained herein. The beneficiary or beneficiaries may at any time upon written request obtain a lump-sum payment of the entire amount yet unpaid if payment is being made in installments pursuant to the written request of the beneficiary or beneficiaries. If payment has been commenced in installments and the principal sum is not yet exhausted, the Administrator, in his sole discretion and at any time may direct that payment of the balance of the principal sum be paid in a lump sum or in installments of different or varying amounts, provided, however, that all of the principal sum be paid within twenty-four months from the time that the first payment is made.

If any payments are made under article 12 hereof, the total amount of such payments shall be deducted from the amount of the principal sum payable under this policy for loss of life.

If the personal effects of an insured are lost or damaged under circumstances where payment would be due under the terms hereof to said person for such loss or damage and said person either before or after such loss or damage dies, his death being proximately caused by the risks and perils insured against herein, the amount which would have been payable for the loss of or damage to such personal effects had he survived shall be added to the principal sum hereof and shall be payable to the beneficiary of the insurance for loss of life.

ART. 7. Beneficiaries of insurance for loss of life. A. The insurance shall be payable only to a lawful widow or widower, child (the latter term including a posthumous child, a child legally adopted by the insured, and, if designated, a child in relation to whom the insured stood in loco parentis, and a step-child or acknowledged illegitimate child), parent (including a step-parent, parent by adoption and, if designated, a person who stood in the place of a parent to the insured), brother or sister (including, if designated, step-brothers or step-sisters, half-brothers and half-sisters, and brothers and sisters by adoption), grandparents, grandchildren, and, if designated, nephews, nieces, aunts or uncles, of the insured.

(1) The insured shall have the right to designate the beneficiary or beneficiaries of the insurance, but only within the classes above provided, and shall, in the manner hereinafter described, at all times have the right to change the beneficiary or beneficiaries of such insurance without the consent of such beneficiary or beneficiaries, but only within the above classes. A person or persons so designated shall be known as the primary beneficiary or beneficiaries.

(2) The insured shall have the right also to designate any other person or persons, but only within the above classes, to whom the insurance shall be paid if the beneficiary or beneficiaries designated shall die before the insurance or any portion thereof shall be paid. A person or persons so designated shall be known as the contingent beneficiary or beneficiaries.

(3) If the insured fails to designate a beneficiary or if the beneficiary or beneficiaries, whether primary or contingent, die before the insurance or any portion thereof shall be paid, the insurance will, subject to the provisions of paragraph B hereof, be paid to the beneficiary or beneficiaries within the following classes and in the order named:

(a) If the insured shall be survived by a lawful widow or widower but without any child of him or her surviving, 100 percent to such widow or widower.

(b) If the insured shall be survived by a lawful widow or widower and a child or children of him or her surviving, 50 percent to the widow or widower and 50 percent to the child or children in equal shares.

(c) If the insured shall have no lawful widow or widower of him or her surviving but shall have a child or children of him or her surviving, 100 percent to the child or children in equal shares.

(d) If there shall be no lawful widow or widower or children of the insured of him or her surviving, 100 percent to the parent or parents of the insured in equal shares.

(e) If there shall be no lawful widow or widower, child or parent of him or her surviving, 100 percent to the brothers, sisters, grandparents and grandchildren of the insured in equal shares. The persons in these classes shall be known as the schedule beneficiaries. As used in this subdivision (3), the term "child" includes a posthumous child and a child legally adopted by the insured, and the term "parent" includes a step-parent and a parent by adoption.

B. The right of any beneficiary to payment of the insurance, or any unpaid installment thereof, shall be conditioned upon his or her being alive to receive payment. No person shall have a vested right to any such insurance or any installment of any such insurance. No insurance shall be paid to the heir or heirs or executors or administrators of the insured or of any beneficiary.

Any insurance or any installment thereof not paid to a primary beneficiary because of his or her death shall be paid to the schedule beneficiary or beneficiaries first or next entitled to priority as hereinabove provided, unless a contingent beneficiary has been

designated, in which event payment shall be made to the contingent beneficiary. Any such insurance or any installment thereof not paid to a contingent beneficiary because of his or her death shall be paid to the schedule beneficiary or beneficiaries first or next entitled to priority as hereinabove provided. If, however, the insured has designated more than one primary beneficiary or more than one contingent beneficiary and if such a primary beneficiary or contingent beneficiary dies before the insurance or an installment thereof, to which he or she may otherwise be entitled, is paid, such insurance or installment thereof shall be paid to the surviving primary or contingent beneficiary, as the case may be.

Any payments of insurance made to a person represented by the insured to be within the permitted classes of beneficiaries shall be deemed to have been properly made and to satisfy fully the obligation of the United States under this insurance policy.

ART. 8. A. Designation and change of beneficiary. The designation of a beneficiary or the change in a designation of beneficiary shall be in writing upon a form or forms and in a manner prescribed by the Administrator, signed by the insured, witnessed either by the Shipping Commissioner or a licensed officer of the vessel, and shall contain the name, address and relationship of the beneficiary to the insured. No designation of a beneficiary and no change of a beneficiary shall be valid unless the instrument containing the designation or change is received by the Administrator at his office in the General Accounting Office Building, 441 G Street NW., Washington 25, D.C.: *Provided, however,* That the instrument when received shall be considered as valid as of the time of its execution. Whenever it shall appear to the satisfaction of the Administrator that unusual circumstances existed preventing or substantially preventing the designation or change of beneficiary in the manner or form hereinabove set forth and that the interests of justice would be served, he may waive or disregard the failure to comply with such manner and form and recognize as valid an act intended as a designation or a change of beneficiary. The recognition as valid by the Administrator of such an act shall be conclusive and binding upon all persons and payment or payments pursuant thereto shall be a pro tanto discharge of the obligation of the United States under this policy.

B. Continuing designation. As to any individual insured under the Second Seamen's War Risk Policy form as amended or changed from time to time, the beneficiary or beneficiaries first designated by such insured to receive the proceeds of the insurance provided by such form shall (subject to the limitations of paragraph B, article 7 hereof), if properly designated, continue to be the beneficiary or beneficiaries of any subsequent insurance provided by such form without further designation unless and until such initial designation is effectively revoked or changed. In the event of an effective revocation unaccompanied by a new designation, the insurance proceeds shall be disposed of in accordance with the provisions of paragraph A, subdivision (3), article 7, hereof. In the event of an effective change of beneficiary or beneficiaries, the new beneficiary or beneficiaries so designated shall for all purposes, including the purposes of this paragraph, be considered as the initial designee or designees, and such designation shall continue to be effective as to all insurance provided by this form of policy until revoked or changed. Subsequent revocations and changes shall for all purposes be treated as would be the preceding revocations or changes, if any.

ART. 9. Claims. No claim for insurance for loss of life shall be recognized unless presented in writing to the underwriter. Any payment or payments of the insurance or

the installments thereof made prior to the presentation of claim shall be conclusively deemed to have been properly made under this policy and in complete discharge of the obligation of the United States under this policy to the extent thereof.

ART. 10. Time for payment of insurance for loss of life. Unless extended by the provisions hereinafter contained, payment of the insurance for loss of life shall be made within ninety days after the death of the insured is established in a manner satisfactory to the Administrator, but payment may be made prior to the expiration of such ninety days at the discretion of the Administrator. The time for payment may be extended without penalty or interest for that period of time consumed by the Administrator in establishing the identity or the location of the beneficiary or beneficiaries, and should any conflicting claims for payment be presented to the Administrator, payment of the insurance may be withheld and the time for payment thereof extended without any penalty or obligation to pay interest until such claims are duly adjudicated or otherwise withdrawn, settled or compromised to the satisfaction of the Administrator.

ART. 11. Proof of death. The time and facts of death of any insured shall be established in a manner satisfactory to the Administrator; and his determination of the time and facts of death shall be binding and conclusive against all persons for all purposes of this policy. If, however, payment of a part of the insurance for loss of life has been made and it appears that the insured is alive, payment of the balance of the insurance for loss of life shall not be made, but the payments of insurance in whole or in part theretofore made shall not be recovered, except where such payments were induced by wilful misrepresentation or fraud either by the beneficiary or any other person. The part so paid shall, however, be a discharge to the extent thereof of any other obligation under this policy, including the obligation to pay benefits under article 17 hereof, to the insured or any other person.

ART. 12. Disability and dismemberment—A. Disability. "Disability" as that term is used in this policy means incapacity because of injury proximately caused by the risks insured against herein which necessarily and continuously prevents the insured from performing any and every kind of duty pertaining to his occupation at the time of injury.

(1) If an insured suffers disability he shall be paid benefits at the rate of \$150 a month, provided, however, that during any part of such period when the insured is hospitalized he shall be paid benefits at the rate of \$100 a month, beginning with his return to the continental United States, excluding Alaska, until the Administrator determines that the disability has ceased or until a total of \$5,000 is paid, whichever first occurs.

(2) If the Administrator determines at any time during the period such monthly benefits are payable that the insured has received maximum medical treatment for such disability and that such disability is, therefore, permanent in quality (loss of both hands, or both arms, or both feet, or both legs, or both eyes, or combination of any two thereof, will be conclusively presumed by the Administrator to constitute a disability permanent in quality), he shall notify the insured of such facts and the insured shall have the option of

(a) Continuing to receive such monthly benefits at the rate of \$150 a month or \$100 a month, as the case may be, until the aggregate of all the monthly benefits paid to him both before and after such determination total \$5,000, or

(b) Receiving in a lump payment the sum of \$5,000 less the total of the monthly benefits paid to him prior to such determination.

(3) In the event the insured elects after such determination to accept payments for such disability under subdivision (2)(a) hereof and if when the total of \$5,000 has been paid him as therein provided, the insured claims in writing, and establishes to the satisfaction of the Administrator, that because of the same injury he is incapable of performing, for remuneration or profit, any work or engaging in any business or occupation, then he shall be paid further benefits at the rate of \$150 a month or \$100 a month, as the case may be, until the Administrator determines such incapacity has ceased or until a total of \$2,500 is paid, whichever first occurs.

B. Dismemberment, including loss of function. If the Administrator determines that the insured, as a proximate result of the risks insured against herein, has suffered a dismemberment or loss of function of the type set forth below, not, however, amounting to disability which the Administrator determines to be permanent in quality, the Underwriter will pay to the insured additional benefits measured by the following percentages of the principal sum. Such benefits shall be in addition to the benefits paid under subdivision (1), paragraph A hereof, but the aggregate of such benefits for disability, dismemberment, and loss of function shall not exceed the principal sum.

Member lost:	Percent
(a) Arm-----	65
(b) Leg-----	65
(c) Hand-----	50
(d) Foot-----	50
(e) Eye-----	45
(f) Thumb-----	15
(g) First finger-----	10
(h) Great toe-----	9
(i) Second finger-----	5
(j) Third finger-----	5
(k) Toe other than great toe-----	2½
(l) Fourth finger-----	2½

(m) Loss of hearing: For complete loss of hearing of one ear, 12½ percent; for the complete loss of hearing of both ears, 50 percent.

(n) Phalanges: For loss of more than one phalange of a digit, the same as the loss of the entire digit; for loss of the first phalange one-half the loss of the entire digit.

(o) Amputated arm or leg: For an arm or leg, if amputated at or above the elbow or the knee, the same as for the loss of the arm or leg; if amputated between the elbow and the wrist or the knee and the ankle, the same as for the loss of a hand or foot.

(p) Binocular vision or per centum of vision: For loss of binocular vision or for eighty percent or more of the vision of an eye shall be the same as for loss of the eye.

(q) Two or more digits: for loss or loss of use of two or more digits, or one or more phalanges of two or more digits, or a hand or foot, may be proportioned to the loss of use of the hand or foot occasioned thereby but shall not exceed the payment for loss of a hand or foot.

(r) Total loss of use: for permanent total loss of use of a member shall be the same as for loss of the member.

(s) Partial loss or loss of use: payment for permanent partial loss or loss of use of a member may be for proportionate loss of the member or loss of use of the member.

(t) Disfigurement: proper and equitable payment for serious facial or head disfigurement, not to exceed 50 percent.

(u) Total or partial loss or loss of use of more than one member or parts of members. In any case in which there shall be a loss or loss of use of more than one member or parts of more than one member set forth in subdivision (a) to (t) both inclusive,

hereof, but not amounting to permanent total disability, payment shall be made for the loss or loss of use of each such member or part thereof; however, not exceeding the principal sum, and except that where the injury affects only two or more digits of the same hand or foot, subdivision (q) hereof shall apply.

(2) The amount determined by the Administrator to be due the insured for dismemberment or loss of function shall

(a) If \$750 or less, be paid the insured in a lump sum as soon as practicable.

(b) If more than \$750, be paid, at the option of the insured, in a lump sum or in monthly installments of \$150 or \$100, as the case may be, beginning with the month next succeeding the last monthly payment made for disability pursuant to the provisions of subdivision (1), paragraph A hereof, or as soon thereafter as is practicable. The insured shall notify the Administrator in writing of the desired method of payment immediately upon receipt of the Administrator's determination that the insured is entitled to payment for dismemberment or loss of function under this paragraph. Should the Administrator not receive such written notice within thirty days, it shall be conclusively presumed that the insured desires payment in a lump sum and the Underwriter will act accordingly.

(3) If the insured elects under subdivision (2)(b) hereof to accept payment for dismemberment or loss of function in monthly installments, the number of installments due shall be increased in number by 10 percent but in no event shall the increase be less than one installment of \$150 or \$100, as the case may be.

C. Injury increasing disability. The Administrator in determining if disability, dismemberment or loss of function exists, or if found to exist, the quality thereof, will not take previous disabilities, dismemberments or losses of function into account. If, however, such previous condition was insured under this Second Seamen's War Risk Policy the insured shall receive with respect to the two claims an aggregate sum not less than he would have been entitled to under either subdivision (2) and (3) of paragraph A or paragraph B hereof, had the injuries causing both disabilities been received at the same time.

D. Disability shall not include incapacity directly resulting from bodily or mental infirmity or disease of any kind. Nor shall benefits be paid for dismemberment or loss of function directly resulting from bodily or mental infirmity or disease of any kind.

E. If the insured elects after a determination by the Administrator that he is entitled to benefits under either subdivision (2) paragraph A or paragraph B hereof to accept payments for such disability, dismemberment, or loss of function, as the case may be, in installments, and if the insured dies from a cause not insured against herein before he has received the last installment, the remainder which he would have received under such subdivision had he survived shall be paid to the person or persons who would have received his life insurance hereunder, subject, however, to all the conditions, stipulations, and provisions contained in this policy governing the disposition and payment of the insurance for loss of life.

The right of the insured to payment of the benefits provided for herein shall be conditioned upon his or her being alive to receive payment, and benefits shall not be paid to the heirs, executors, or administrators of the insured, or of any other person.

Art. 13. Physical examination. The underwriter shall have the right to require an examination of the person of the insured when and so often as it may reasonably require and also the right and opportunity in case of death to make an autopsy where it is not forbidden by law.

Art. 14. Personal effects defined. The term "personal effects" includes personal property reasonably necessary or required for use on board the vessel as well as those articles ordinarily or customarily carried on board for the personal use, wear, comfort, or convenience of the insured, either while on board, while in a foreign port, or upon his return to the home port. Articles of apparel, whether used for ornamentation or otherwise, and articles used in the performance of duties on board, are also included. Articles carried for the purpose of business foreign to the actual duties of the insured, or for resale, are excluded.

Art. 15. Amount of payment for loss of, or damage to, personal effects.

A. In the event of total loss of, or damage (equivalent to total loss) to the personal effects of any insured, reimbursement for such total loss or damage shall be as follows:

- (a) Licensed officer, \$500;
- (b) Unlicensed crew member, \$300;
- (c) U.S. Merchant Marine cadet or cadet officer, \$300.

If an insured shall establish the loss of a sextant which he carried aboard the vessel, he shall be paid \$100 extra. If the insured shall establish the loss of binoculars, which he carried aboard the vessel, he shall be paid \$50 extra. A total loss shall be determined without reference to apparel actually worn by the crew member at the time of the loss or damage.

B. In the event of a partial loss of or damage to the personal effects of an insured, he shall be reimbursed for the actual value of such effects lost or damaged to the extent of such loss or damage, but in no event shall the payment for such effects lost or damaged exceed the amount set forth in paragraph A of this article 15 for which total loss or damage is payable.

Art. 16. Death of an insured prior to payment for loss of or damage to personal effects. Payment for loss of or damage to personal effects shall be conditioned upon the insured being alive to receive payment, and shall not be payable to his heirs, executors, administrators or assigns, except as provided in article 6 hereof.

Art. 17. Detention and repatriation benefits. A. If it is established to the satisfaction of the Administrator, who, for this purpose, may rely on any official information furnished him by any department or agency of the United States Government, that the insured's vessel has been destroyed or abandoned as a result of a risk or peril insured against herein and that the insured has survived such an event and is not detained (in the sense that that term is used in paragraph B, article 17 hereof), monthly benefits shall be paid as hereinafter provided in this paragraph A. Such monthly benefits shall be equal to the monthly basic wage of the insured (including special emergency wage), as shown by the shipping articles signed by the insured or, if not on articles, by the contract of employment entered into by the insured. Such monthly benefits shall be paid from the date of such destruction or abandonment of the vessel, which, for the purposes hereof, shall be the date recognized by the Administrator when the obligation to pay wages under the applicable shipping articles or contract of employment terminated, or which is otherwise fixed by the Administrator as the date of such destruction or abandonment, and shall continue until the insured arrives at a continental port of the United States.

Such monthly benefits shall be paid to the person or persons, if living, to whom the insured's wages are allotted under the applicable shipping articles. Such allottee or allottees shall receive that portion of the monthly benefits which is equal in amount to the insured's monthly wage which has been allotted, provided such latter amount

does not exceed the amount of the monthly benefits, and provided further that no payment shall be made to an allottee for any fractional allotment period between the last regular allotment date and date when such monthly benefits terminate. If no such allotment has been made, or if the person to whom the insured has allotted his wages is dead or dies, or if an allotment has been made and the allottee is living but the amount of monthly benefits exceeds the amount which can be paid to such allottee, the benefits or the remainder thereof shall be held by the Administrator for the benefit of the insured until his return to the continental United States, excluding Alaska, with the right to the Administrator, however, to pay such benefits or the remainder thereof in whole or in part to any person or persons named in subdivision (3), paragraph A, article 7 of these stipulations and conditions (for the purpose of this paragraph the words "widow" and "widower" as used in subdivision (3) shall mean "wife" and "husband" respectively), including the allottee or allottees aforementioned, and such payment when made shall be conclusively presumed to have been made for the account of the insured.

B. If it is established to the satisfaction of the Administrator, who, for this purpose may rely on any official information furnished him by any department or agency of the United States Government, that the insured is detained, either by capture by an enemy of the United States or by internment, but not otherwise, monthly benefits shall be in the same amount or amounts and shall be held or paid in the same manner and for or to the same person or persons as set forth in paragraph A, article 17 hereof. Such monthly benefits shall be paid during such period of detention beginning with the date that the insured suffered such detention as determined by the Administrator.

C. If, in the opinion of the Administrator, it is uncertain—

(1) Whether the insured survived or died as a proximate result of the occurrence of a risk or peril insured against, or

(2) Whether the insured survived or died as a proximate result of the occurrence of an event which may be a risk or peril insured against, but as to which, in the opinion of the Administrator, there is also uncertainty, or

(3) Whether the insured's vessel has been destroyed or abandoned as a proximate result or a risk or peril insured against, although it is certain, in the opinion of the Administrator, that the insured is alive, or

(4) Whether the insured is detained (in the sense that that term is used in paragraph B, article 17 hereof), although it is certain, in the opinion of the Administrator, that the insured is alive,

monthly benefits shall be paid as herein-after provided in this paragraph C. Such monthly benefits shall be in the same amount or amounts and shall be held or paid in the same manner and for or to the same person or persons as set forth in paragraph A, article 17 hereof. Such monthly benefits shall be paid from the date, as fixed by the Administrator, the insured, if alive, was probably separated from his vessel under any of the respective situations set forth above and shall continue until—

(a) The Administrator determines that the insured is entitled to benefits as provided in which event monthly benefits shall thereafter be paid as provided in paragraph A, Article 17 hereof, or

(b) The Administrator determines that the insured is entitled to benefits as provided under paragraph B, article 17 hereof, in which event monthly benefits shall thereafter be paid as provided in paragraph B, article 17 hereof, or

(c) The death of the insured is established in a manner satisfactory to the Administrator, or

(d) The issuance by the Administrator of certificate of presumptive death of the insured, whichever first occurs, in which event benefits shall cease: *Provided, however*, That if the Administrator determines that at any time after such benefits have ceased the insured is entitled to benefits or has been entitled to benefits as provided in either paragraph A or paragraph B, article 17 hereof, monthly benefits shall thereafter be paid as provided in paragraph A or paragraph B, article 17 hereof, as the case may be, with proper adjustment for the period that the insured was entitled to be paid such benefits prior to the Administrator's determination thereof.

D. If, while the insured is being paid benefits under either paragraph A or B or C, article 17 hereof, the Administrator determines that the insured was not, or is no longer, entitled to benefits under the provisions of such paragraph, then the payment of such benefits shall cease: *Provided*, That, if the Administrator determines the insured is entitled to benefits under the provisions of any other of such paragraphs, the insured shall thereafter be entitled to benefits under the provisions of such paragraph.

E. In no event shall benefits be paid under paragraphs A, B, C, or D, article 17 hereof, beyond three months after the termination of the national emergency shall have been proclaimed by the President or beyond the time that the insured shall either refuse without good cause to return to the continental United States, excluding Alaska, or accept employment on another vessel for a purpose other than to be repatriated.

F. If the insured, upon his return to the United States (excluding Alaska), shall be entitled to receive under paragraph A or B or C, article 17 hereof, benefits exceeding a sum equal to twelve months' basic wage (including special emergency wage), payment of a sum equal to twelve months' basic wage (including special emergency wage) shall be made to the insured forthwith. Any unpaid balance of such benefits shall be paid to the insured in monthly installments equivalent in amount to such monthly benefits until paid in full. In determining the amount which the insured is entitled to receive in a lump sum, as aforesaid, benefits paid to his allottees or to the persons named in subdivision (3), paragraph A, article 7 hereof; shall not be considered. Payments to an allottee or to schedule beneficiaries shall not be made after the date of arrival of the insured at a continental United States port, and all payments thereafter shall be made only to the insured: *Provided, however*, That if the insured dies after his arrival and while he is receiving monthly payments as above set forth, such monthly payments shall thereafter be paid to his allottees or to schedule beneficiaries until paid in full.

G. The right of the insured to be paid benefits or to have benefits paid on his account, under paragraphs A, B, or C, article 17 hereof, shall be conditioned upon the insured being alive during the period such benefits accrued or were paid: *Provided, however*, That benefits payable for the account of the insured to allottees or schedule beneficiaries shall always be paid in full to the date of establishment of death or presumed death of the insured as determined under paragraph C, article 17 hereof. Such benefits under no circumstances shall be paid or considered payable to heirs, executors or administrators of the insured or of any allottee or schedule beneficiary of the insured.

H. The Underwriter agrees that detention and repatriation benefits, as provided under this article 17, shall continue until the insured shall be returned to the port to which the Operator is obligated to return the insured, as shown by the shipping articles signed by the insured or, if not on articles,

by the contract of employment entered into by the insured.

ART. 18. *Payment constituting a discharge.* A payment by the Administrator to the person or persons determined by him to be entitled to all or any of the proceeds of this policy shall constitute a pro tanto discharge of the obligations under this policy of the United States of America, the Department of Commerce, and the Maritime Administrator.

ART. 19. *Nonassignability.* Neither this policy nor any part thereof nor any insurance, benefits or allowances payable hereunder shall be assignable.

ART. 20. *Amount permitted to be paid agents or attorneys.* Except in the event of legal proceedings arising under or in connection with this policy, payment to any attorney, agent or any other person acting for or on behalf of an insured, beneficiary or recipient, by such insured or any beneficiary or recipient, for such assistance as may be required in the preparation of the claim, shall not exceed \$25 in any one case, except that the Administrator may approve an additional amount in those cases in which he feels the nature of the services rendered warrant it. At any time during the pendency of any litigation arising under or in connection with this policy or whenever a judgment or a decree shall be rendered in an action or proceeding arising under or in connection with this policy for the payment of any insurance, benefits or allowances under this policy, the court in which such action or proceeding is pending or in which a judgment or decree has been rendered may and is requested to allow such fees for the attorney or attorneys of the person or persons who are parties to such action or proceeding or who have obtained a judgment or a decree, as it may determine to be just compensation for the services rendered. Before the payment of any insurance, benefits or allowances hereunder, or any judgment or decree, as aforesaid, the Administrator may require proof to be submitted to him in the form of an affidavit, or in any other manner which to him seems fit, by the insured, the beneficiary, the recipient, or holder of any judgment or decree, or his attorney, agent, or any other person acting for or on their behalf, or any or all of them, that the payment previously or thereafter to be made to such attorney, agent or other person does not exceed the sum herein specified or allowed by the court, as the case may be.

ART. 21. *Notice of loss and claim.* Notice of disability (including dismemberment and loss of function), and claim for payment therefor under this policy shall be given to the Administrator within ninety days after the happening of the event causing the disability (including dismemberment and loss of function), or ninety days after the insured returns to the continental United States, excluding Alaska. Notice of loss of, or damage to, personal effects and claim for payment therefor under this policy shall be given to the Administrator within ninety days after the happening of the event causing the loss, or ninety days after the insured returns to the continental United States, excluding Alaska.

Any insured who is employed on a vessel as an employee of the United States through the Office of National Shipping Authority, Maritime Administration, or successor Office shall comply with applicable rules and regulations pertaining to the filing of claims and administrative allowance or disallowance as prescribed by NSA Order No. 67 (LPR 1), 20 F.R. 2414, or as amended or revised.

ART. 22. *Limitation of suit.* No action or suit upon this policy shall be valid unless commenced within two years from the time the insurance, benefits or allowances conferred by this policy are payable, except that

(a) An action or suit by the insured may be commenced at any time within two years after he returns to the United States or the termination of the national emergency shall

have been proclaimed by the President, whichever first occurs, and

(b) The time during which a person, other than the insured, is in enemy occupied territory shall be excluded from the two year period as aforesaid.

Any insured who is employed on a vessel as an employee of the United States through the Office of National Shipping Authority, Maritime Administration, or successor Office shall comply with applicable rules and regulations pertaining to the filing of claims and administrative allowance or disallowance as prescribed by NSA Order No. 67 (LPR 1), 20 F.R. 2414, or as amended or revised.

ART. 23. *Deviation and change of voyage.* This insurance shall not be affected by a deviation or change of voyage of the vessel, except that the Administrator may require the payment of an additional premium.

ART. 24. *"Administrator" defined.* Wherever the term "Administrator" is used in this policy that term shall include the person who is the Maritime Administrator at the time of the issuance of this policy and his successor or successors in office, and such other person or persons employed by the Administrator, the Maritime Administration, the Department of Commerce or the United States of America, to whom the Administrator may delegate duties or powers for the administration of the insurance. Wherever there is mention in this policy of a decision, determination or exercise of discretion by the Administrator, such terms shall include a decision, determination or exercise of discretion of a person or persons to whom the Administrator may delegate such power or powers and shall not be taken to mean that the personal act of the Administrator is required.

ART. 25. *Multiple claims against the United States.* A. It is the intent of the underwriter in the issuance of this policy to avoid providing or paying any benefit or sum of money for any loss, event or occurrence to the extent that legal liability to pay for the same loss, event or occurrence otherwise exists on the part of the United States of America, the Department of Commerce, the Maritime Administration, the Administrator, the owner of a vessel under time or bareboat charter to the Maritime Administration, the operator of a vessel owned by the Maritime Administration or under time or bareboat charter to it, or the agent of the Maritime Administration in the operation of such a vessel, and this policy shall be construed to give effect to such intent. By the acceptance of the insurance protection afforded by this policy, by the designation of any beneficiary thereunder or by otherwise acting pursuant to the terms of this policy, the insured, in behalf of himself, his personal and legal representatives, administrators, executors, heirs at law, next of kin, dependents and beneficiaries, acknowledges such intent and agrees to the conditions and provisions of this policy, including specifically those contained in this Article 25. Similarly, any beneficiary or person to whom any benefit or sum of money is paid under the provisions of this policy does, by making claim therefor or by the acceptance thereof, acknowledge such intent and agrees to the conditions and provisions of this policy, including specifically the conditions and provisions of this Article 25.

B. If any final judgment or award is obtained by any person against the United States of America, the Department of Commerce, the Maritime Administration, the Administrator, the owner of a vessel under time or bareboat charter to the Maritime Administration, the operator of a vessel owned by the Maritime Administration or under time or bareboat charter to it, or the agent of the Maritime Administration in the operation of such a vessel by reason of the loss of life, disability (including dismemberment and loss of function), loss of or damage

to personal effects, or detention (including the occurrence of other situations hereinbefore provided) of the insured but based on a claim or cause of action other than one under this policy, and if such respective loss of life, disability (including dismemberment and loss of function), loss of or damage to personal effects, or detention (including the occurrence of other situations hereinbefore provided) of such insured, either separately or combined, also constitutes or forms the basis of a claim payable under this policy, the amount which otherwise would have been payable hereunder because of such claim shall be reduced by an amount equal to the amount of such final judgment or award, unless such person, in a form and manner satisfactory to the Administrator, effectively and validly releases or discharges the United States of America, the Department of Commerce, the Maritime Administration, the Administrator, the owner of a vessel under time or bareboat charter to the Maritime Administration, the Administrator, the operator of a vessel owned by the Maritime Administration or under time or bareboat charter to it, or the agent of the Maritime Administration in the operation of such a vessel from their respective obligations under such final judgment or award to the extent of the amount of such claim payable under this policy.

C. The payment and acceptance of any benefit or sum of money under this Policy shall constitute a waiver, release, acceptance, discharge and satisfaction, to the extent of such payment, of any and all claims, causes of actions, judgments or awards against the United States of America, the Department of Commerce, the Maritime Administration, the Administrator, the owner of a vessel under time or bareboat charter to the Maritime Administration, the operator of a vessel owned by the Maritime Administration or under time or bareboat charter to it, or the agent of the Maritime Administration in the operation of such a vessel other than under this policy by arising out of the respective loss of life, disability (including dismemberment and loss of function), loss of or damage to personal effects, or detention (including the occurrence of other situations hereinbefore provided) for which such benefit or sum of money was paid and accepted under this policy.

D. This Article 25 shall not apply to claims for wages, maintenance and cure where the right to such items arises under the general maritime law of the United States and not under this policy, but this Article 25 shall apply to claims for wages to the extent that the insured, his allottee or any other person who is entitled to receive or has received benefits or sums of money under Article 17 hereof, and to claims for maintenance to the extent and for the period that the insured is entitled to receive or has received benefits or sums of money under paragraph A of Article 12 hereof.

ART. 26. *Amendments and modifications.* If the Administrator determines that the Second Seamen's War Risk Policy (1955) should be amended and modified to provide for increased hazards and risks undertaken by the masters, officers and crews of vessels of the American Merchant Marine arising from important changes or developments in emergency conditions, or if the Administrator determines that the Second Seamen's War Risk Policy (1955) should be amended and modified to correct injustices or cases of hardship arising under and by virtue of its present terms, the Administrator reserves the right to amend or modify the Second Seamen's War Risk Policy (1955), including this particular policy, in such manner and in such respects as prescribed by him. If the Administrator further determines that it is necessary and proper to make such amendments or modifications retroactive in effect in order to avoid

serious inequalities, he reserves the right to make any such amendment or modification applicable to any and all cases or claims arising under the Second Seamen's War Risk Policy (1955), including this particular policy, irrespective of whether benefits have or have not been claimed or paid thereunder, in such manner and in such respects as prescribed by him.

ART. 27. *Payment of premium and cancellation.* A. The Underwriter shall have the right to change the rate of premium for this insurance at any time. Unless the revised rate of premium is accepted in writing by the Operator within fifteen days after receipt by the Operator of notice of the revised rate, this policy shall become null and void and of no effect as of midnight, e.s.t., of the day ending such fifteen-day period, unless the Operator, within such period, dispatches notice to the Maritime Administrator, by telegraph, of his refusal to accept such revised premium rate, in which event premium at the revised rate shall be payable for that portion of the fifteen-day period prior to dispatch of such notice. Upon the receipt by the Maritime Administrator of such notice of nonacceptance, the insurance provided hereunder shall terminate.

B. In the event any premium, either original or additional, which becomes due and payable under this policy, is not paid within thirty days after receipt by the Operator of notice of the amount thereof, this insurance shall become null and void and of no effect as of the commencement of the period for which the premium charge is made, unless the Maritime Administrator agrees otherwise.

C. If the vessel shall be requisitioned by the United States on a basis whereby the United States provides insurance equivalent to that provided hereby, then this insurance shall terminate and pro rata daily return premium shall be paid. In no other event shall there be any return of premium.

ART. 28. *Extension.* Should the vessel be at sea at the natural expiry of this Policy, this insurance shall be extended until midnight, Greenwich Mean Time, of the day on which the vessel is moored at the next port to which she proceeds, provided, notice be given to the Underwriter as soon as practicable and an additional premium paid, if required.

In witness whereof, the Maritime Administrator, acting for the Secretary of Commerce, has signed this policy but it shall not be valid unless countersigned by an authorized underwriting agent.

UNITED STATES OF AMERICA,
By Maritime Administrator,
acting for the Secretary
of Commerce.

(Maritime Administrator)

The Underwriting Agent does not, by countersigning this policy or in any other manner, warrant its own authority, or the authority of the Maritime Administrator, acting for the Secretary of Commerce, to issue this instrument, but acts solely under the power conveyed to the underwriting Agent by the Agreement made with the Maritime Administrator, acting for the Secretary of Commerce.

Countersigned this ----- day of ----- 19--.

(Authorized underwriting agent)

By -----

(b) *Increased Benefits Endorsement.* The following is the standard form of Increased Benefits Endorsement which prescribes the areas in which increased benefits are presently applicable. The areas covered by this endorsement are subject to change.

Form MA-242(A) (10-59)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

INCREASED BENEFITS ENDORSEMENT

This endorsement is attached to and made a part of Second Seamen's War Risk Policy (1955) No. SSWR ----- issued to -----.

It is hereby understood and agreed that while a vessel covered by this policy is in the following described areas:

Area I. All waters within and bounded by the following lines: beginning at a point on the China Coast at latitude 23° north, thence east to the intersection with longitude 119° east, thence northeasterly to the intersection of a point at latitude 26°15' north and longitude 121° east and thence west along the 26°15' parallel of north latitude to the China Coast;

Area II. All waters within and bounded by the following lines: beginning at a point on the China Coast at 33° north latitude, thence east to the intersection with longitude 124° east, thence north along 124° east meridian to the China Coast;

Area III. All waters within and bounded by the following lines: beginning at a point on the China Coast at 26°15' north latitude, thence east to the intersection with 121° east longitude, thence northeasterly to a point at the intersection of 30° north latitude and 124° east longitude, thence north to the intersection of 33° north latitude and 124° east longitude and thence west along the 33° parallel of north latitude to the China Coast;

Area IV. All waters within and bounded by the following lines: beginning at a point on the China Coast and 23° north latitude, thence east to 119° east longitude, then northeasterly to 30° north latitude and 124° east longitude, and then south to 25° north latitude and 122°14' east longitude, and then to 24°25' north latitude and 122°04' east longitude, and then to 23°03' north latitude and 121°36.5' east longitude, and then to 22°40' north latitude and 121°20.5' east longitude, and then to 21°49' north latitude and 121°02' east longitude, and then to Shichisel Seki Rocks (21°46' north latitude and 120°49' east longitude), and then west northwest intersecting at the China Coast at 23° north latitude,

The benefits provided thereunder as respects loss of life, disability, dismemberment and loss of functions are increased by 100 percent and with respect to benefits for personal effects of unlicensed personnel from \$300 to \$500.

Upon knowledge by the insured of a vessel being in such areas, the insured shall, as soon as permissible under Government laws and regulations, furnish the Maritime Administrator with the name of such vessel and the dates of its entry into and departure from such areas.

Nothing herein contained shall vary, alter or extend any provision or condition of the policy other than as above stated.

This endorsement becomes effective with the inception of the policy to which it is attached.

Not valid unless countersigned by a duly authorized agent of the Department.

UNITED STATES OF AMERICA,
By Maritime Administrator,
acting for the Secretary of
Commerce.

(Maritime Administrator)

The Underwriting Agent does not, by countersigning this policy or in any other manner, warrant its own authority, or the authority of the Maritime Administrator, acting for the Secretary of Commerce, to issue this instrument, but acts solely under the power conveyed to the Underwriting

Agent by the agreement made with the Maritime Administrator, acting for the Secretary of Commerce.

Countersigned this ----- day of -----, 19--.

(Authorized underwriting agent)

By -----

Subpart E—War Risk Builder's Risk Insurance

§ 308.400 Authority.

The Secretary of Commerce delegated authority to the Maritime Administrator to perform the functions vested in the Secretary of Commerce by Title XII of the Merchant Marine Act, 1936, as amended. The Maritime Administrator, pursuant to a finding by the Secretary under section 1202(a) of the Act authorized, effective March 4, 1953, the issuance of war risk insurance on American vessels under construction in shipyards in the United States.

§ 308.401 Eligibility of a vessel for insurance.

A vessel is eligible for insurance if it is an American vessel as defined in section 1201(a), Title XII of Merchant Marine Act, 1936, as amended, being constructed in a shipyard within the United States.

§ 308.402 Periods during which a vessel under construction may be insured.

(a) *Prelaunching period.* This period is from the date and time the first material destined for inclusion as part of the vessel becomes at risk at the shipyard of the builder to the date and time the vessel first becomes water-borne after launching.

(b) *Postlaunching period.* This period is from the date and time the vessel first becomes water-borne after launching to the date and time of delivery of the vessel by the builder.

(c) *Portions of periods.* A vessel may be insured for a portion of either period as cited in paragraph (a) or (b) of this section at the sole discretion of the Maritime Administrator.

§ 308.403 Amounts for which a vessel will be insured.

(a) *Prelaunching period.* The amount insured during this period will be the cost of material destined for inclusion as a part of the vessel at risk at the shipyard of the builder, plus the cost of labor, other direct charges, overhead, and profit of not exceeding 10 percent, all as determined from the builder's records.

(b) *Postlaunching period.* The amount insured during this period will be (1) an amount not in excess of the difference in amount between the total amount of war risk insurance obtainable from companies authorized to do an insurance business in a State of the United States and the contract price of the vessel plus the cost of the materials and equipment furnished by the owner and not included in such contract price, or (2) an amount not in excess of the contract price of the vessel plus the cost of materials and equipment furnished by the owner and not included in the contract price: *Provided*, That no war risk

insurance is obtainable from companies authorized to do an insurance business in a State of the United States.

(c) *Maximum liability.* The amount of any claim for damage to or the total or constructive total loss of the vessel adjusted, compromised, settled, adjudged or paid shall not exceed the amount insured: *Provided*, That the amount payable hereunder shall not exceed the maximum sum which the Maritime Administrator, as Underwriter, is authorized to pay under any applicable Acts of Congress: *Provided, further*, That where the Maritime Administration is an Excess Underwriter, the amount payable under this insurance for damage to or the total or constructive total loss of the vessel, after all sums due and payable under primary and excess insurances written by commercial Underwriters have been exhausted, shall be the balance, if any, of said claims: *And provided further*, That in no event shall the amount of such liability to an insured owner exceed the value of the vessel as determined in accordance with section 802, Merchant Marine Act, 1936, as amended, if the vessel is being built with the aid of a construction-differential subsidy.

§ 308.404 Application for insurance.

Application for insurance shall be made to the Chief, Division of Insurance, Maritime Administration, Department of Commerce, Washington 25, D.C. The applications shall be signed by all parties to be named as assureds, unless they have filed with the Chief, Division of Insurance, written designations of a broker or brokers to act for them, in which case the applications may be signed by such broker or brokers.

§ 308.405 Form of application.

Applications submitted shall be in duplicate and in accordance with the following form. Separate applications shall be submitted for each of the coverages, paragraphs (a) and (b) (1) and (2) referred to in § 308.403.

Form MA-282 (Revised 5-61)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

APPLICATION FOR WAR RISK BUILDER'S RISK INSURANCE

Application is made for War Risk Builder's Risk Insurance pursuant to Title XII of Merchant Marine Act, 1936, as amended, and in accordance with all provisions of law and subject to all limitations thereof:

Assured to be -----

Loss, if any, payable to -----

----- or order.

On hull, tackle, apparel, ordnance, munitions, engines, boilers, machinery, appurtenances (including plans, patterns, moulds, etc.), boats and other equipment, furniture and fixtures and all material, including staging, scaffolding and similar temporary construction, belonging and destined for -----

building at the yard of the builder at -----

Indicate whether application is for coverage (a), (b) (1), or (b) (2).

Coverage -----

In the event that faulty design of any part or parts should cause loss of or damage to the subject matter insured, this insurance shall not cover the cost or expense of repairing,

replacing or renewing such part or parts, no: any expenditure incurred by reason of betterment or alteration in design.

In case of failure of launch, the Underwriters shall bear, up to the sum insured hereunder, their proportion of all subsequent expenses incurred in completing launch.

This Policy insures only, during the period aforesaid, while the subject matter hereby insured is at (ashore or afloat) the building location hereinbefore named; while in transit within the port of construction to and from such location; while on trial trips (including proceeding to and returning from the trial course) loaded or otherwise, as often as required, within a distance by water of 100 nautical miles of the port of construction or held covered as hereinafter provided.

Held covered at an additional premium, if any, to be named by the Underwriter in the event of deviation or change of voyage, provided notice be given the Underwriter as soon as practicable.

In case of any loss or misfortune, it shall be lawful and necessary for the Assured, their Factors, Servants and Assigns, to sue, labor and travel for, in, and about the defense, safeguard and recovery of the subject matter hereby insured, or any part thereof, without prejudice to this insurance, to the charges whereof the Underwriters will contribute their proportion as provided below. And it is expressly declared and agreed that no action of the Underwriters or Assured in recovering, saving or preserving the property hereby insured shall be considered as a waiver or acceptance of abandonment.

In the event of accident whereby loss or damage may result in a claim under this Policy, prompt notice shall be given in writing to the Underwriter in order that it may appoint its own surveyor, if it so desires.

There shall be no recovery for a Constructive Total Loss under this Policy unless the expense of recovering and restoring the vessel (as insured hereunder) to the state of its construction at time of loss, on the ways, while being launched or after launching, would exceed her value at such stage of construction (which value shall be taken to be the cost of labor actually expended in the construction of the vessel and material actually incorporated therein at the time of the loss, including accrued overhead and profit on such labor and material, not exceeding the insured value); but no claim for a Total or Constructive Total Loss hereunder shall exceed this Policy's proportion of the value so computed. This Policy shall also pay its proportion of any damage to material insured hereunder and not yet installed in the vessel and its proportion of any salvage and special charges and sue and labor expenses.

If claim for Total Loss or Constructive Total Loss is admitted or established under this Policy and sue and labor expenses have been reasonably incurred in excess of any proceeds realized or value recovered, the amount payable under this Policy will be the proportion of such excess that the sum insured hereunder (without deduction for loss or damage) bears to the insured value or the sound value of the vessel at the time of the accident, whichever was greater.

In no case shall Underwriters be liable for unrepaired damage in addition to a subsequent Total or Constructive Total Loss sustained during the period covered by this Policy, or any extension thereof.

Average payable irrespective of percentage, and without deduction of one-third, whether the Average be particular or general.

This Policy also covers its proportion of General Average, Salvage and Special Charges applicable to the subject matter hereby insured payable as provided in the contract of affreightment, or failing such provision, or if there be no contract of affreightment, payable in accordance with the Laws and Usages of the Port of New York and/or per

York/Antwerp Rules 1950. Provided always that when an adjustment according to the Laws and Usages of the port of destination is properly demanded by the owners of the cargo, General Average shall be paid in accordance with same.

And it is further agreed that in the event of salvage, towage or other assistance being rendered to the vessel hereby insured by any vessel belonging in part or in whole to the same Owners or Charterers, the value of such services (without regard to the common ownership or control of the vessel) shall be ascertained by arbitration in the manner provided for under the Collision Clause, and the amount so awarded so far as applicable to the interest hereby insured shall constitute a charge under this Policy.

When the contributory value of the vessel is greater than the insured value herein the liability of the Underwriter for General Average contribution (except in respect to amount made good to the vessel) or Salvage shall not exceed that proportion of the total contribution due from the vessel that the sum insured hereunder bears to the contributory value; and if because of damage for which the Underwriter is liable as Particular Average the value of the vessel has been reduced for the purpose of contribution, the amount of the Particular Average claim under this Policy shall be deducted from the sum insured hereunder and the Underwriter shall be liable only for the proportion which such net amount bears to the contributory value.

In the event of expenditure under the Sue and Labor Clause, this Policy shall pay the proportion of such expenses that the amount insured hereunder bears to the insured value of the vessel, or that the sum insured hereunder, less loss and/or damage payable under this Policy, bears to the actual value of the salvaged property; whichever proportion shall be less.

COLLISION CLAUSE

And it is further agreed that if the vessel hereby insured shall come into collision with any other ship or vessel and the Assured or the Charterers or the Surety in consequence of the insured vessel being at fault shall become liable to pay and shall pay by way of damages to any other person or persons any sum or sums in respect of such collision, the Underwriter will pay the Assured, or the Charterers or the Surety, whichever shall have paid, such proportion of such sum or sums so paid as its subscription hereto bears to the insured value of the vessel hereby insured, provided always that its liability in respect to any one such collision shall not exceed its proportionate part of the insured value of the vessel hereby insured. And in cases where the liability of the vessel has been contested or proceedings have been taken to limit liability, with the consent in writing of a majority (in amount) of Hull Underwriters, it will also pay a like proportion of the costs which the Assured or Charterers shall thereby incur, or be compelled to pay; but when both vessels are to blame, then, unless the liability of the Owners or Charterers of one or both such vessels becomes limited by law, claims under the Collision Clause shall be settled on the principle of Cross-Liabilities as if the Owners or Charterers of each vessel had been compelled to pay to the Owners or Charterers of the other of such vessels such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Assured or Charterers in consequence of such collision; and it is further agreed that the principles involved in this clause shall apply to the case where both vessels are the property, in whole or in part, of the same Owners or Charterers, all questions of responsibility and amount of liability as between the two vessels being left to the decision of

a single Arbitrator, if the parties can agree upon a single Arbitrator, or failing such agreement, to the decision of Arbitrators, one to be appointed by the Managing Owners or Charterers of both vessels, and one to be appointed by the majority (in amount) of Hull Underwriters interested; the two Arbitrators chosen to choose a third Arbitrator before entering upon the reference, and the decision of such single, or of any two of such three Arbitrators, appointed as above, to be final and binding. Provided always that this clause shall in no case extend to any sum which the Assured, or the Charterers, or the Surety may become liable to pay or shall pay for removal of obstructions under statutory powers, for injury to harbors, wharves, piers, stages, structures, or any other objects (excepting other vessels and property thereon), consequent on such collision, or in respect of the cargo, baggage or engagements of the insured vessel, or for loss of life, or personal injury. And provided also that in the event of any claim under this clause being made by anyone other than the Owners of the vessel hereby insured, he shall not be entitled to recover in respect of any liability to which the Owners of the vessel as such would not be subject, nor to a greater extent than the Owners would be entitled in such event to recover.

PROTECTION AND INDEMNITY CLAUSES

It is further agreed that if the Assured or the Surety for the Assured in consequence of its undertaking shall by reason of his interest in the insured vessel become liable to pay and shall pay any sum or sums in respect of any responsibility, claim, demand, damages and/or expenses arising from or occasioned by any of the following matters or things during the currency of this Policy, that is to say—

Loss of or damage to any other vessel or goods, merchandise, freight, or other things or interests whatsoever, on board such other vessel, caused proximately or otherwise by the vessel insured insofar as the same is not covered by the Collision Clause in this Policy; but the foregoing is not intended and shall not be construed to cover liability in excess of the amount recoverable under the Collision Clause;

Loss of or damage to any goods, merchandise, freight or other things or interest whatsoever, other than aforesaid (not being builders' gear or material or cargo on the insured vessel), whether on board the insured vessel or not, which may arise from any cause whatsoever;

Loss of or damage to any harbor, dock (graving or otherwise), slipway, way, grid-iron, pontoon, pier, quay, jetty, stage, buoy, telegraphic cable or other fixed or moveable thing whatsoever, or to any goods or property in or on the same, howsoever caused;

Loss of life of, or personal injury to, or illness of any person, or payments made on account of salvage, whether of life or property, excluding, however, unless otherwise agreed by endorsement hereon, liability to an employee (other than a seaman) of an Assured, or in case of death to his beneficiaries or any others, under any Compensation Act;

Any attempted or actual raising, removal or destruction of the wreck of the insured vessel or the cargo thereof or any neglect or failure to raise, remove or destroy the same; however, for the purpose of this paragraph only, the Assured shall be deemed liable for expenses, after deducting any proceeds of the salvage, actually incurred by the Assured in removing the wreck of the insured vessel from any place owned, leased or occupied by the Assured;

Any sum or sums for which the Assured may become liable or incur from causes not hereinbefore specified, but which are recoverable under the printed forms of Protection and Indemnity policy commonly is-

sued by stock insurance companies in the United States:

the Underwriter will pay the Assured such proportion of such sum or sums so paid, or which may be required to indemnify the Assured for such loss, as its subscription bears to the insured value of the vessel hereby insured, except that the total amount recoverable from the Underwriter for loss of life, personal injury or illness of employees (including seamen) of the Assured in respect to any one accident or series of accidents arising out of the same event shall not exceed that proportion of \$200 per gross ton of the insured vessel which the amount insured under this Policy bears to the insured value of the said vessel. Where the liability of the Assured has been contested with the consent in writing of a majority (in amount) of the Underwriters on the vessel hereby insured, the Underwriter will also pay a like proportion of the costs which the Assured shall thereby incur or be compelled to pay;

Provided, however, That in case of vessels under construction, the insurance hereby afforded against loss of life, personal injury or illness as aforesaid, shall attach only from the moment the vessel hereby insured becomes water-borne, and shall terminate at the same time as the other insurances afforded by this Policy;

And provided further, That the total liability of the Underwriter under all sections of these "Protection and Indemnity Clauses" in respect of any one accident or series of accidents arising out of the same event is limited to the amount insured under this Policy, plus costs as hereinabove provided.

Notwithstanding anything to the contrary contained in these Protection and Indemnity Clauses, the Underwriter shall not be liable for or in respect of any loss, damage, liability or expense excluded by the F.C. & S. Warranties hereinafter set forth; or sustained or caused by mines or torpedoes, whether of enemy or friendly origin; or sustained in consequence of placing the vessel in jeopardy as an act or measure of war taken in the actual process of a military engagement, including embarking or disembarking troops or material of war in the immediate zone of such engagement; and any such loss, damage and expense shall be excluded from this Policy without regard to whether the Assured's liability in respect thereof is based on negligence or otherwise, and whether in time of peace or war.

F.C. & S. WARRANTIES AND OTHER EXCLUSIONS

Notwithstanding anything to the contrary contained in any part of this Policy, this insurance is warranted free from any claim for loss, damage, liability or expense arising directly or indirectly from:

(A) Capture, seizure, arrest, restraint, or detention, or the consequences thereof or of any attempt thereat, or any taking of the vessel, by requisition or otherwise, whether in time of peace or war and whether lawful or otherwise; also from all consequences of hostilities or war-like operations (whether there be a declaration of war or not), but the foregoing shall not exclude collision or contact with aircraft, rockets, or similar missiles, or with any fixed or floating object (other than a mine or torpedo), stranding, heavy weather, fire or explosion unless caused directly (and independently of the nature of the voyage or service which the vessel concerned, or, in the case of a collision, any other vessel involved therein, is performing) by a hostile act by or against a belligerent power, and for the purpose of this warranty "power" includes any authority maintaining naval, military or air forces in association with a power; also warranted free, whether in time of peace or war, from all loss, damage or expense caused by any weapon of war employ-

ing atomic or nuclear fission and/or fusion or other reaction or radioactive force or matter. Further warranted free from the consequences of civil war, revolution, rebellion, insurrection, or civil strife arising therefrom or piracy;

(B) Loss or damage caused by strikers, locked-out workmen or persons taking part in labor disturbances or riots or civil commotions;

(C) Any consequential damages or loss through delay, however, caused, except to the extent, if any, covered by the Collision Clause or the Protection and Indemnity Clauses of this Policy;

(D) The firing or testing of any weapon of war from, by or on the vessel. This exclusion is in addition to and is not to be considered in whole or in part as a substitution for or modification of the F.C. & S. Warranties hereinbefore set forth;

(E) Damage to docks, shipways, tools or any other property of the shipyard not intended to be incorporated in the vessel, except as hereinbefore covered;

(F) Any nuclear incident, reaction, radiation or any radioactive contamination whether controlled or uncontrolled, and whether the loss, damage, liability or expense be proximately or remotely caused thereby, or be in whole or in part caused by, contributed to, or aggravated by the risks and liabilities insured under this Policy, and whether based on the Assured's negligence or otherwise.

This Policy shall not be vitiated by any unintentional error in description of interest or voyage, provided the same be communicated to the Underwriter as soon as known to the Assured, and an additional premium paid if required.

The words "Owner" and "Assured" as used in this Policy shall be interpreted to mean either "Builder" or "Owner" or both, but shall in no event be construed to mean subcontractors.

If war risks are hereafter insured by endorsement on this Policy, such endorsement shall supersede the F.C. & S. Warranties hereinbefore set forth only to the extent that their terms are inconsistent and only while such war risks endorsement remains in force.

In witness whereof, the Maritime Administrator, acting for the Secretary of Commerce, has signed this Policy, but it shall not be valid unless countersigned by or on behalf of the Chief, Division of Insurance, Maritime Administration.

Countersigned at Washington, D.C., this _____ day of _____ 19__

UNITED STATES OF AMERICA
By Maritime Administrator,
acting for the Secretary of
Commerce.

(Maritime Administrator)
By _____
(Chief, Division of Insurance)

Form MA-283(A) (Revised 5-61)

CLAUSES FOR BUILDER'S RISK

(Prelaunching Period)

Endorsement attached to and made a part of Policy WRBR _____ issued to _____

The terms and conditions as set forth below shall supersede and nullify the clauses of the Policy in so far as such clauses are inconsistent with the clauses set forth below:

1. The amount insured hereunder shall be the valuation at risk at the shipyard of the Builder during the currency of this insurance, which shall be the cost of materials plus the cost of labor, other direct charges, overhead, and profit of not exceeding 10 percent, all as determined from the Builder's records but the amount of any claim for damage to or the total or constructive total

loss of the vessel adjusted, compromised, settled, adjudged or paid shall not exceed the amount insured: *Provided,* That the amount payable hereunder shall not exceed the maximum sum which the Maritime Administrator, as Underwriter, is authorized to pay under any applicable Acts of Congress: *And provided further,* That in no event shall the amount of such liability to an insured Owner exceed the value of the vessel as determined in accordance with section 802, Merchant Marine Act, 1936, as amended, if the vessel is being built with the aid of a construction-differential subsidy.

2. The Assured agrees to report to the Underwriter 100 percent of the valuation at risk and to pay premium on the amount reported.

3. The valuation at risk (as defined above) shall be reported to the Underwriter as follows:

(a) Valuation at risk at the inception of this insurance to be declared as soon as practicable.

(b) Valuation at risk as of the end of each calendar month thereafter to be declared not later than 15 days immediately following.

4. Premium shall be payable monthly at the rate of _____ percent per month. Premium for periods of less than one month shall be payable at the daily pro rata of the monthly rate. The premium for each month or part thereof shall be computed on the average of the last two successive reports. Premium shall be payable thirty days after receipt by the Assured of notice of the amount thereof and payment shall be made by check payable to the order of the "Maritime Adm.—Commerce."

5. Attaching as of the date and time the first material destined for inclusion as a part of the vessel becomes at risk at the shipyard of the Builder and expiring as of the date and time the vessel first becomes water-borne after launching. Both dates and times shall be reported to the Underwriter as soon as known to the Assured.

6. The Underwriter shall have the right to change the rate of premium for this insurance at any time. Unless the revised rate of premium is accepted in writing by the Assured within fifteen days after receipt by the Assured of notice of the revised rate, this Policy shall thereupon become null and void and of no effect as of midnight, Standard Time at the location of the shipyard on the fifteenth day after receipt of said notice. Premium at the revised rate shall be payable for the fifteen-day period during which this insurance remained in force unless the Assured, within such period, dispatches notice to the Maritime Administration, by telegraph of his refusal to accept such revised rate of premium, in which event premium at the revised rate shall be payable for that portion of the fifteen-day period prior to dispatch of such notice. Upon the dispatch of such notice of non-acceptance, the insurance provided hereunder shall ipso facto terminate.

7. Warranted that for and during the term of this Policy, the vessel is an American vessel as defined in section 1201(a), Title XII of Merchant Marine Act, 1936, as amended, and if at any time during that term the vessel ceases to be an American vessel as defined in the Act or is requisitioned by the Government of the United States, this policy shall automatically terminate at the time of such change or requisition and daily pro rata premium shall be payable to the date of termination.

8. In the event any premium, either original or additional, which becomes due and payable under any of the provisions of this Endorsement or the Policy to which it is attached is not paid within thirty days after receipt by the Assured of notice of the amount thereof, this insurance shall, notwithstanding any other provision for cancellation, become null and void and of no effect as of the commencement of the period

for which the premium charge is made unless the Maritime Administrator agrees otherwise.

9. Warranted, no cancellation except by mutual consent except as provided in paragraphs 6, 7, and 8 above.

Form MA-283(B) (Revised 5-61)

CLAUSES FOR BUILDER'S RISK

(Postlaunching Period—Excess)

Endorsement attached to and made a part of Policy WRBR ----- issued to -----

The terms and conditions as set forth below shall supersede and nullify the clauses of the Policy in so far as such clauses are inconsistent with the clauses set forth below:

1. The amount insured hereunder is \$ -----, being the excess of \$ ----- primary insurance, and this insurance to pay only that part of any loss, damage or expense covered hereunder which is in excess of the amount payable under the primary insurance but the amount of any claim for damage to or the total or constructive total loss of the vessel adjusted, compromised, settled, adjudged or paid shall not exceed the amount insured: *Provided*, That the amount payable hereunder shall not exceed the maximum sum which the Maritime Administrator, as Underwriter, is authorized to pay under any applicable Acts of Congress: *And provided further*, That the amount payable under this insurance for damage to or the total or constructive total loss of the vessel, after all sums due and payable under primary and excess insurances written by commercial Underwriters have been exhausted, shall be the balance, if any, of said claim: *And provided further*, That in no event shall the amount of such liability to an insured Owner exceed the value of the vessel as determined in accordance with section 802, Merchant Marine Act, 1936, as amended, if the vessel is being built with the aid of a construction-differential subsidy.

2. In the event the primary insurance is cancelled through the operation of any automatic termination clause applicable thereto, the amount insured under the policy to which this endorsement is attached shall, at an additional premium to be fixed by the Maritime Administrator, be automatically increased by the amount of the primary insurance and thereupon insurance under the Policy shall become primary insurance and Paragraph 1 of this Endorsement shall be deemed to be deleted herefrom and Paragraph 1 of Endorsement Form MA-283 (C) substituted therefor, all other terms and conditions to remain the same.

3. Whereas the value stated herein is provisional and is based upon the estimated contract price, the parties to this insurance agree that the full value of the subject matter of this insurance, to be ascertained in accordance with the completed contract, shall be the basis of this insurance. Should the value for insurance, determined as above:

(I) Exceed the value stated herein, the Assured agrees to declare to the Underwriter the amount of such excess and to pay premium thereon at the full policy rate, and the Underwriter agrees to accept its proportionate share of the increase, or

(II) Be less than the value stated herein, the sum insured by this Policy shall be reduced proportionately, and the Underwriter agrees to return premium, at the full policy rate, on the amount by which its line is reduced.

4. Premium shall be payable at the rate of ----- percent. In the event of cancellation of insurance hereunder by reason of early delivery of the vessel, the Underwriter agrees to return monthly pro rata premium for each uncommenced month or portion thereof. Premium shall be payable thirty days after receipt by the Assured of notice of

the amount thereof and payment shall be made by check payable to the order of the "Maritime Adm.—Commerce."

5. Attaching as of the date and time the vessel first becomes water-borne after launching and expiring as of the date and time the vessel is delivered by the Builder. Both dates and times shall be reported to the Underwriter as soon as known to the Assured.

6. The Underwriter shall have the right to change the rate of premium for this insurance at any time. Unless the revised rate of premium is accepted in writing by the Assured within fifteen days after receipt by the Assured of notice of the revised rate, this Policy shall thereupon become null and void and of no effect as of midnight, Standard Time at the location of the shipyard on the fifteenth day after receipt of said notice. Premium at the revised rate shall be payable for the fifteen-day period during which this insurance remained in force unless the Assured, within such period, dispatches notice to the Maritime Administration, by telegraph, of his refusal to accept such revised premium rate, in which event premium at the revised rate shall be payable for that portion of the fifteen-day period prior to dispatch of such notice. Upon the dispatch of such notice of non-acceptance, this insurance provided hereunder shall ipso facto terminate.

7. Warranted that for and during the term of this Policy the vessel is an American vessel as defined in section 1201(a), Title XII of Merchant Marine Act, 1936, as amended, and if at any time during that term the vessel ceases to be an American vessel as defined in the Act or is requisitioned by the Government of the United States, this Policy shall automatically terminate at the time of such requisition or change and daily pro rata return of premium shall be made.

8. In the event any premium, either original or additional, which becomes due and payable under any of the provisions of this Endorsement or the Policy to which it is attached, is not paid within thirty days after receipt by the Assured of notice of the amount thereof, this insurance shall, notwithstanding any other provision for cancellation become null and void and of no effect as of the commencement of the period for which the premium charge is made unless the Maritime Administrator agrees otherwise.

9. Warranted, no cancellation except by mutual consent except as provided in paragraphs 6, 7, and 8 above.

Form MA-283(C) (Revised 5-61)

CLAUSE FOR BUILDER'S RISK

(Postlaunching Period—Primary)

Endorsement attached to and made a part of Policy WRBR ----- issued to -----

The terms and conditions as set forth below shall supersede and nullify the clauses of the Policy in so far as such clauses are inconsistent with the clauses set forth below:

1. The amount insured hereunder is \$ ----- but the amount of any claim for damage to or the total or constructive total loss of the vessel adjusted, compromised, settled, adjudged or paid shall not exceed the amount insured hereunder: *Provided*, That the amount payable hereunder shall not exceed the maximum sum which the Maritime Administrator, as Underwriter, is authorized to pay under any applicable Acts of Congress: *And provided further*, That in no event shall the amount of such liability to an insured Owner exceed the value of the vessel as determined in accordance with section 802, Merchant Marine Act, 1936, as amended, if the vessel is being built with the aid of a construction-differential subsidy.

2. Whereas the value stated herein is provisional and is based upon the estimated

contract price, the parties to this insurance agree that the full value of the subject matter of this insurance, to be ascertained in accordance with the completed contract, shall be the basis of this insurance.

Should the value for insurance, determined as above—

(I) Exceed the value stated herein, the Assured agrees to declare to the Underwriter the amount of such excess and to pay premium thereon at the full policy rate, and the Underwriter agrees to accept its proportionate share of the increase, or

(II) Be less than the value stated herein, the sum insured by this Policy shall be reduced proportionately and the Underwriter agrees to return premium, at the full policy rate, on the amount by which its line is reduced.

3. Premium shall be payable at the rate of ----- percent. In the event of cancellation of insurance hereunder by reason of early delivery of the vessel, the Underwriter agrees to return monthly pro rata premium for each uncommenced month or portion thereof. Premium shall be payable thirty days after receipt by the Assured of notice of the amount thereof and payment shall be made by check payable to the order of "Maritime Adm.—Commerce".

4. Attaching as of the date and time the vessel first becomes water-borne after launching and expiring as of the date and time the vessel is delivered by the Builder. Both dates and times shall be reported to the Underwriter as soon as known to the Assured.

5. The Underwriter shall have the right to change the rate of premium for this insurance at any time. Unless the revised rate of premium is accepted in writing by the Assured of notice of the revised rate, this Policy shall thereupon become null and void and of no effect as of midnight, Standard Time at the location of the shipyard on the fifteenth day after receipt of said notice. Premium at the revised rate shall be payable for the fifteen-day period during which this insurance remained in force unless the Assured, within such period, dispatches notice to the Maritime Administration by telegraph, of his refusal to accept such revised premium rate, in which event premium at the revised rate shall be payable for that portion of the fifteen-day period prior to dispatch of such notice. Upon the dispatch of such notice of non-acceptance, the insurance provided hereunder shall ipso facto terminate.

6. Warranted that for and during the term of this Policy the vessel is an American vessel as defined in section 1201(a), Title XII of Merchant Marine Act, 1936, as amended, and if at any time during that term the vessel ceases to be an American vessel as defined in the Act or is requisitioned by the Government of the United States, this Policy shall automatically terminate at the time of such change or requisition and daily pro rata return of premium shall be made.

7. In the event any premium, either original or additional, which becomes due and payable under any of the provisions of this Endorsement or the Policy to which it is attached is not paid within thirty days after receipt by the Assured of notice of the amount thereof, this insurance shall, notwithstanding any other provisions for cancellation, become null and void and of no effect as of the commencement of the period for which the premium charge is made unless the Maritime Administrator agrees otherwise.

8. Warranted, no cancellation except by mutual consent except as provided in paragraphs 5, 6, and 7 above.

Form MA-283(D) (Revised 5-61)

WAR RISK CLAUSES FOR BUILDER'S RISK

Endorsement attached to and made part of Policy WRBR ----- issued to -----

HULL WAR RISK CLAUSES

It is agreed that this insurance covers only those risks which would be covered by the attached Policy (including the Collision Clause) in the absence of the F.C. & S. Warranty contained therein but which are excluded by that warranty. This insurance is also subject, however, to the following warranties and additional clauses:

1. The Adventures and Perils Clause shall be construed as including the risks of hostilities or warlike operations, piracy, civil war, revolution, rebellion or insurrection or civil strife arising therefrom, floating and/or stationary mines and/or torpedoes whether derelict or not, weapons of war employing atomic or nuclear fission and/or fusion or other reaction, or radioactive force or matter, and the application of sanctions under international agreements, whether before or after declaration of war and whether by a belligerent or otherwise, but excluding arrest, restraint, or detention under customs or quarantine regulations, and similar arrests, restraints, or detentions not arising from actual or impending hostilities or sanctions.

2. The provisions of the attached Policy with respect to constructive total loss shall apply only to claims arising from physical damage to the insured vessel.

3. Warranted free from any claim for delay or demurrage and warranted not to abandon in case of capture, seizure or detention, until after condemnation of the property insured.

4. Warranted free from any claim based upon loss of or frustration of the insured voyage or adventure caused by arrests, restraints or detentions, of kings, princes or peoples.

5. Warranted free from any claim arising from capture, seizure, arrest, restraint, detention, pre-emption, confiscation or requisition by the Government of the United States.

PROTECTION AND INDEMNITY WAR RISK CLAUSES

It is further agreed that this insurance covers those Protection and Indemnity risks which would be covered by the attached Policy in the absence of the F. C. & S. Warranty and the following clause contained therein but which are excluded by that warranty and clause:

"Notwithstanding anything to the contrary contained in these Protection and Indemnity Clauses, the Underwriter shall not be liable for or in respect of any loss, damage, liability or expense excluded by the F. C. & S. Warranties hereinafter set forth; or sustained or caused by mines or torpedoes, whether of enemy or friendly origin; or sustained in consequence of placing the vessel in jeopardy as an act or measure of war taken in the actual process of a military engagement, including embarking or disembarking troops or material of war in the immediate zone of such engagement; or any such loss, damage and expense shall be excluded from this Policy without regard to whether the Assured's liability in respect thereof is based on negligence or otherwise, and whether in time of peace or war."

1. This insurance also to cover liability of the Assured for contractual repatriation expenses of any member of the crew as a result of perils insured hereunder.

2. Claims for which the Underwriter shall be liable under these clauses shall not be subject to any deduction.

3. The liability of the Underwriter under these clauses in respect of any one accident or series of accidents arising out of the same casualty shall be limited to the sum hereby insured.

4. The Underwriter agrees to accept the same percentage interest under these clauses as accepted on Hull War Risks.

5. This Protection and Indemnity Insurance shall terminate automatically at the

same time as the Hull Insurance against War Risks.

6. Notwithstanding the provisions of the preceding clause, in the event of loss or shipwreck of the vessel from any cause prior to natural expiry time of this policy, this insurance shall continue to cover the liability of the Assured to the crew of the insured vessel, subject to its terms and conditions and at an additional premium if so required by the Underwriter, until the crew shall be either discharged or landed at a port or place to which the Owners or Charterers are obliged to bring them.

7. Notwithstanding any of the foregoing provisions, all liabilities covered by the Second Seamen's form of policy are excluded from this insurance.

§ 308.410 Reporting casualties and filing claims.

Casualties shall be reported promptly to, and all claim documents filed with the Chief, Division of Insurance, Maritime Administration, Department of Commerce, Washington 25, D.C.

§ 308.411 Effective date.

This subpart shall become effective as to policies issued on and after June 8, 1961.

Subpart F—War Risk Cargo Insurance

I—INTRODUCTION

§ 308.500 Authority.

The Secretary of Commerce delegated authority to the Maritime Administrator to perform the functions vested in the Secretary of Commerce by Title XII of the Merchant Marine Act, 1936, as amended, which authority includes the insurance set forth in this Subpart as provided under section 1203(b) of the Act.

§ 308.501 Cargoes on which coverage is available.

When this order becomes effective as provided in § 308.552, the Maritime Administrator will be prepared to provide marine insurance against loss or damage by the risks of war under approved clauses on shipments of cargoes coming within one or more of the following categories:

(a) Shipped or to be shipped on any American vessel, as defined in section 1201 (a) of the Merchant Marine Act, 1936, as amended;

(b) Shipped or to be shipped on any foreign flag vessels owned by citizens of the United States;

(c) Owned by citizens or residents of the United States, its Territories or possessions;

(d) Imported to, or exported from, the United States, its Territories or possessions, under contracts of sale or purchase by the terms of which the risk of loss by war risks or the obligation to provide insurance against such risks is assumed by or falls upon a citizen or resident of the United States, its Territories or possessions;

(e) Sold or purchased by citizens or residents of the United States, its Territories or possessions, under contracts of sale or purchase by the terms of which the risk of loss by war risks or the obligation to provide insurance against such risks is assumed by or falls upon a citi-

zen or resident of the United States, its Territories or possessions;

(f) Shipped between ports in the United States, or between ports in the United States and its Territories and possessions, or between ports in such Territories or possessions; and

(g) Shipped or to be shipped on any foreign flag vessels, whether or not owned by citizens of the United States, if such vessels are engaged in transportation in the water-borne commerce of the United States or in such other transportation by water or such other services as may be deemed by the Maritime Administrator to be in the interest of the national defense or the national economy of the United States, when so engaged.

Cargo war risk insurance will be written under either an open policy or a facultative policy in accordance with the provisions of this subpart.

§ 308.502 Additional insurance.

The assured may place increased value or additional insurance in other markets beyond the amount of insurance provided by the Maritime Administrator, but such insurance must be non-participating with the Maritime Administrator's coverage, and without benefit of salvage or right of contribution.

§ 308.503 Rate schedules.

Rate schedules published by the Maritime Administrator may be obtained from an underwriting agent. All rate schedules are subject to change by the Maritime Administrator at any time without notice. If no rate is published for a voyage on which war risk coverage is available, the Maritime Administrator will name a rate through an underwriting agent upon application.

§ 308.504 Definition of territories and possessions.

Whenever reference is made to the territories and possessions of the United States in this subpart or in any supplement thereto or any policy of insurance issued pursuant to the provisions thereof, said territories and possessions shall be deemed to include only the Virgin Islands of the United States, the Commonwealth of Puerto Rico, American Samoa, Guam, Wake Island, Midway Islands, and the Panama Canal Zone.

II—OPEN POLICY WAR RISK CARGO INSURANCE

§ 308.505 General.

The Maritime Administrator is prepared to provide an open cargo war risk insurance policy covering any cargoes described in § 308.501. The policy will be in the standard form of War Risk Open Cargo Policy, Form MA-300, prescribed in § 308.517. All policies will be issued by underwriting agents appointed by the Maritime Administrator. All underwriting agents will be domestic insurance companies authorized to do a marine insurance business in a State of the United States.

§ 308.506 Application for an open cargo policy.

Application for an Open Cargo Policy shall be made by filing Form MA-301,

prescribed in § 308.521, with an underwriting agent of the Maritime Administration. The application shall state the applicant's name and address; the person or persons to whom loss shall be payable; the nature and geographic scope of the shipments to be covered under the policy which shall not be broader than the coverage authorized in § 308.501; the requested effective date, which shall not be earlier than the date of the completion of the requirements for the issuance of the policy; and the basis of valuation to be incorporated in the policy. An applicant may specify one basis of valuation for imports and another for exports, and he may specify different bases of valuation for different commodities or voyages, provided that each basis of valuation specified by the applicant shall define the value by the use of facts which existed prior to the date of the shipment and which are readily ascertainable by either party after the safe arrival or loss of the shipment.

§ 308.507 Security for payment of premiums.

Clause 21 of the policy requires the assured to maintain with the Maritime Administrator a collateral deposit fund or a surety bond, to secure the payment of the premiums, in an amount which shall at all times exceed the unpaid premiums on all risks which have attached under the policy. The minimum amount of the fund or of the surety bond shall be \$1,000. Clause 21 also provides that, within seven (7) days from the time knowledge comes to the assured that the amount of the deposit or the surety bond is insufficient to meet the requirements of Clause 21, the assured shall deposit additional collateral or increase the surety bond in an amount not less than double the amount of such insufficiency, and for a sum which shall be a multiple of \$500. If the assured fails to increase the deposit or the surety bond within the seven (7) day period, the policy automatically becomes void at the end of the seven (7) day period except as to risks which have attached prior to that date. The procedure for establishing a collateral deposit fund is prescribed in § 308.509, and the procedure for posting and maintaining a surety bond is prescribed in § 308.510. An application for the issuance of an open cargo policy shall be ineffective unless a collateral deposit fund is established and maintained, or a surety bond is posted and maintained, in accordance with the provisions of this section and §§ 308.509 and 308.510.

§ 308.508 Issuance of an open cargo policy.

(a) *Time.* The underwriting agent will issue an Open Cargo Policy within (15) days after the completion by the applicant of the requirements set forth in §§ 308.506 and 308.507 unless the time for issuance is extended by the Maritime Administrator in writing. The underwriting agent may not make any Open Cargo Policy effective with respect to shipments attaching on a date earlier than the date when the application was

completed, but he may make it effective on the date of the completion of the application or any date thereafter requested by the applicant.

(b) *Numbering.* Each Open Cargo Policy supplied to the underwriting agent by the Maritime Administrator shall be numbered by the Maritime Administration before it is supplied to the underwriting agent. No two numbers shall be the same. The underwriting agent when issuing the policy shall add at the end of the policy number the agency number assigned to that underwriting agent, and where policies are issued by more than one office of an underwriting agent the issuing office shall also be identified in the policy number. For example, policies issued by an office in New York will be designated by "NY" and policies issued in San Francisco will be designated by "SF" prefixed to the underwriting agent's agency number.

§ 308.509 Collateral deposit fund.

(a) *Requirements.* An assured electing to use a cash collateral deposit fund pursuant to § 308.507 shall comply with the provisions of this section and Clause 21 of the Open Cargo Policy, Form MA-300, prescribed in § 308.517.

(b) *Cash or Government bonds.* To establish a collateral deposit fund the applicant shall deposit with the underwriting agent a check payable to the order of the "Maritime Adm.—Commerce" for the amount of the fund, or United States Government bonds having a par value at the time of deposit of the amount of the fund, which shall be a multiple of \$500 but not less than \$1,000, together with a letter of transmittal executed by the applicant on Form MA-302, prescribed in § 308.522. Upon receipt of the deposit, the underwriting agent shall assign a serial number to it and transmit it to the Comptroller, Maritime Administration, Washington 25, D. C. It is the responsibility of the assured to make sure that this deposit fund is sufficient at all times to cover the premiums payable on all risks which have attached under the policy, so as to prevent the termination of the insurance under the provisions of Clause 21.

(c) *Overdue premiums.* Pursuant to Clause 20, if the assured fails to pay any premium when it becomes due and payable, he thereby breaches the policy and it automatically ceases to insure any shipments which would otherwise have attached after the expiration of fifteen (15) days following the due date of the premium, unless within the fifteen (15) day period the premium has been paid and the assured has otherwise complied with the requirements of the policy, including the filing of the closing report required by Clause 19 and the payment of the reinstatement fee of \$25.00 required by Clause 20. If the assured fails to pay the premium within the fifteen (15) day period, the Maritime Administrator may deduct from the assured's collateral deposit fund all amounts due.

(d) *Increase in amount of collateral as required by Clause 21.* If the assured fails to deposit additional collateral in the fund within seven (7) days from the

time knowledge comes to the assured that the amount of collateral is insufficient to meet the requirements of Clause 21, the policy shall be void except as to risks which have attached prior to the expiration of the seven (7) day period.

(e) *Changes in amount of collateral.* The assured may increase or decrease the amount of the collateral deposit fund by amounts of not less than \$500 or multiples thereof, provided that the amount of the fund shall not be less than the amount required by Clause 21, or the required minimum of \$1,000, whichever is greater. The effect of any change in the amount of the collateral deposit shall be the sole responsibility of the assured, and the permission granted by this paragraph to change the amount of collateral in the fund shall in no manner relieve the assured of the responsibility imposed by Clause 21.

(f) *Increase of collateral.* To increase the amount of the collateral on deposit in the fund, the assured shall transmit to the underwriting agent on Form MA-302, prescribed in § 308.522, a check payable to the order of the "Maritime Adm.—Commerce" or United States Government bonds having a par value at the time of deposit of not less than the amount of the requested increase. The increase shall become effective upon the date of the receipt of the application and check or bonds by the underwriting agent as shown on Form MA-302.

(g) *Decrease of collateral.* To decrease the collateral deposit fund, the assured shall file with the underwriting agent an application on Form MA-305, prescribed in § 308.525. The decrease shall become effective upon the date of the receipt of the application by the underwriting agent as shown on Form MA-305.

(h) *Refund of collateral.* Whenever the assured becomes entitled to a refund of the collateral deposit, in whole or in part, by reason of a request for a partial return of such collateral, or the cancellation of the policy and the payment in full of all premiums then or thereafter due, or the waiver by the Maritime Administrator of the requirements of maintaining the collateral deposit fund because the assured is a department or agency of the United States or is acting on behalf of such a department or agency, or the substitution of a surety bond in the place and stead of the collateral deposit fund, as provided in § 308.510(j), the Maritime Administrator will refund to the assured the amount of the collateral deposit to which the assured is entitled; provided, however, that the repayment of such collateral shall not be made by the Maritime Administrator until the assured has filed a closing report and paid in full all premiums with respect to all shipments which had attached at the time of the receipt by the underwriting agent of the application for the refund, Form MA-305, and a certificate executed in duplicate on Form MA-306, prescribed in § 308.526, and, in the event of the substitution of a surety bond for the collateral deposit fund, the receipt by the underwriting agent of the surety bond properly executed, in accordance with § 308.510.

§ 308.510 Surety bond.

(a) *Requirements.* An assured electing to post a surety bond pursuant to § 308.507 shall comply with the provisions of this section and Clause 21 of the Open Cargo Policy, Form MA-300, prescribed in § 308.517.

(b) *Amount of bond.* An applicant who wishes to post a surety bond shall deliver to the underwriting agent a surety bond on Form MA-308, prescribed in § 308.528, executed by the assured as principal, and by the surety, in such amount as the assured determines to be necessary to comply with Clause 21. Such amount shall be a multiple of \$500 but shall not be less than \$1,000. Upon receipt of the surety bond, the underwriting agent shall assign a serial number to it and transmit it to the Comptroller, Maritime Administration, Washington 25, D. C. It is the responsibility of the assured to make sure that the amount of the bond is sufficient at all times to cover the premium payable on all risks which have attached under the policy, so as to prevent the termination of the insurance under the provisions of Clause 21.

(c) *Surety.* The sufficiency of the surety executing the bond shall be subject to approval by the Maritime Administrator. The underwriting agent may accept on behalf of the Maritime Administrator a surety bond executed by a surety named on the United States Treasury Department's approved list of sureties whose bonds are acceptable to the United States Treasury Department to secure obligations due the United States, provided the bond is within the maximum amount for which the surety is so authorized to write bonds as shown by the approved list.

(d) *Overdue premiums.* Pursuant to Clause 20, if the assured fails to pay any premium when it becomes due and payable, he thereby breaches the policy and it automatically ceases to insure any shipments which would otherwise have attached after the expiration of fifteen (15) days following the due date of the premium, unless within the fifteen (15) day period the premium has been paid and the assured has otherwise complied with the requirements of the policy, including the filing of the closing report required by Clause 19 and the payment of the reinstatement fee of \$25.00 required by Clause 20. If the assured fails to pay the premium within the fifteen (15) day period, all amounts due shall become a liability collectible under the surety bond and from the assured.

(e) *Increase in amount of bond as required by Clause 21.* If the assured fails to increase the amount of the surety bond within seven (7) days from the time knowledge comes to the assured that the amount of the bond is insufficient to meet the requirements of Clause 21, the policy shall be void except as to risks which have attached prior to the expiration of the seven (7) day period.

(f) *Changes in amount of bond.* The assured may increase or decrease the amount of the surety bond by amounts of not less than \$500 or multiples thereof, provided that the amount of the bond shall not be less than the amount re-

quired by Clause 21, or the required minimum of \$1,000, whichever is greater. The effect of any change in the amount of the bond shall be the sole responsibility of the assured, and the permission granted by this paragraph to change the amount of the bond shall in no manner relieve the assured of the responsibility imposed by Clause 21.

(g) *Increase in amount of bond.* To increase the surety bond the assured shall transmit to the underwriting agent, on Form MA-310, prescribed in § 308.530, an endorsement duly executed by the assured and the surety company on Form MA-311, prescribed in § 308.531. The increase shall become effective upon the date of the receipt of the endorsement by the underwriting agent as shown on Form MA-311.

(h) *Decrease in amount of bond.* To decrease the amount of the bond, the assured shall transmit to the underwriting agent, on Form MA-310, prescribed in § 308.530, an endorsement duly executed by the assured and the surety on Form MA-311, prescribed in § 308.531. The decrease shall become effective upon the date of the receipt of the endorsement by the underwriting agent as shown on Form MA-311, except as to shipments which on that date are known or reported to the assured to be in transit and which have attached under the policy and upon which premium has not been paid in full.

(i) *Termination of bond.* Whenever the assured becomes entitled to a termination of a surety bond by reason of the cancellation of the policy and the payment in full of all premiums then or thereafter due, or the waiver by the Maritime Administrator of the requirements of maintaining the surety bond by an assured which is a department or agency of the United States or is acting on behalf of such a department or agency, or the substitution of a collateral deposit fund in the place or stead of the surety bond, the underwriting agent shall execute a release on Form MA-312, prescribed in § 308.532. The release shall be made effective as of (1) the effective date of the cancellation of the policy when the bond is terminated for that reason, or (2) the date of the Maritime Administrator's directive waiving the requirement of a surety bond when the bond is terminated for that reason, or (3) the effective date of the establishment of a collateral deposit fund when the bond is terminated for that reason.

(j) *Substitution of bond for collateral deposit.* An assured may substitute a surety bond for a collateral deposit fund by delivering to the underwriting agent a surety bond on Form MA-309, prescribed in § 308.529, executed by the assured as principal, and by the surety, in such amount as the assured determines to be necessary to comply with Clause 21. Such amount shall be a multiple of \$500, but shall not be less than \$1,000. The collateral deposit fund will be refunded to the assured after the bond has been posted, in accordance with the provisions of § 308.509(h).

§ 308.511 Cancellation of open cargo policy.

An assured may cancel an Open Cargo Policy by delivering to the underwriting agent, at least fifteen (15) days prior to the requested date of cancellation, an application for cancellation executed by the assured on Form MA-304, prescribed in § 308.524, together with the original policy. The policy shall be cancelled as of the effective date requested in the application, which, unless otherwise agreed by the Maritime Administrator in writing, shall not be a date earlier than fifteen (15) days following the date of the receipt of the application as acknowledged by the underwriting agent on Form MA-304, with respect to all risks that have not attached prior to said effective date. Such cancellation shall not relieve the assured of the obligation to file closing reports with respect to all risks which attached prior to the effective date of the cancellation and to pay all unpaid premiums. Within four (4) months of the effective date of cancellation, unless otherwise agreed by the Maritime Administrator in writing, the assured must file a closing report in duplicate on Form MA-313, prescribed in § 308.533, of all shipments covered by the policy for which closing reports have not been previously filed. The assured shall mark this closing report "Final Closing Report on Cancellation of Policy", and file a certificate on Form MA-313-B, prescribed in § 308.535, executed by the assured in duplicate. Thereafter when all unpaid premiums have been paid, the assured will become entitled to a refund of the collateral deposit, or cancellation of the surety bond in accordance with §§ 308.509 and 308.510. If the assured has lost or mislaid the original policy and is unable to produce it for cancellation, the assured shall execute a letter of indemnity and such other documents as may be required by the Maritime Administrator.

§ 308.512 Declaration of shipments under open cargo policy.

(a) *Closing report.* The assured must file with the underwriting agent, not later than the twenty-fifth day of each month, a closing report for all inward shipments and a closing report for all outward shipments, and pay the premium and fees, for all shipments covered during the preceding calendar month, as required by Clause 19. Each closing report shall be filed in duplicate on Form MA-313, prescribed in § 308.533, supported by a certificate executed by the assured on Form MA-313-A, prescribed in § 308.534. If the assured has no shipments to report during any calendar month, the closing report, Form MA-313, must nevertheless be filed with one or both of the following statements, depending upon their applicability, noted thereon:

(1) It is certified that no inward shipment coming within the scope of this policy arrived at destination during the preceding calendar month, and that during the preceding calendar month no knowledge has come to the assured of an inward shipment covered under the terms of the policy which will not arrive

by reason of loss, frustration or other similar cause.

(2) It is certified that no outward shipment coming within the scope of this policy was made during the preceding calendar month.

Whenever a sea passage is made with respect to cargo covered under the policy by a barge or sailing vessel the assured shall note that fact upon the closing report, unless the Maritime Administrator otherwise agrees. An assured reporting for one calendar month must not include therein a report of a shipment due to be reported in the report for the next succeeding calendar month. Thus, the report of January closing shipments filed in February should not include February closings.

(b) *Inward shipments.* The closing report covering inward shipments shall include (1) all such shipments which have arrived at the port of destination during the preceding calendar month, and (2) all such shipments with respect to which inability to so arrive by reason of loss, frustration, or other similar causes has come to the knowledge of the assured during the preceding calendar month.

(c) *Outward shipments.* The closing report covering outward shipments shall include all such shipments which attached under the policy during the preceding calendar month.

(d) *Definition of inward and outward shipments.* A shipment will be classified as an inward shipment or as an outward shipment by reference to the geographical location of the assured with respect to the movement of the shipment. The address of the assured as stated in the application filed by him for the policy shall be deemed to be the assured's geographical location for the purpose of determining whether the shipment is inward or outward. To illustrate, if an assured has stated in his application that his address is in Hawaii, the assured's shipments of goods from the United States to Hawaii would be classified as inward, and his shipments from Hawaii to the United States would be classified as outward. Any shipments that cannot be classified as inward or outward under this definition shall be treated as inward shipments for the purposes of the declaration.

(e) *Supplemental closing report.* If an assured files a closing report and thereafter discovers that one or more additional shipments should have been included in the report, then, even though the assured has executed the certificate on Form MA-313-A, prescribed in § 308.534, or Form MA-313-B, prescribed in § 308.535, in connection with the closing report, the assured must nevertheless amend the closing report by filing a supplemental closing report supported by an appropriate certificate. The supplemental closing report must be accompanied by a statement in writing signed by the assured giving the reasons for the omission of such shipments from the original closing report. If the Maritime Administrator finds that the failure to file the complete closing report was either inadvertent or unintentional or arose by reason of causes beyond the control of

the assured, the otherwise automatic termination of the policy by reason of a breach of the warranty embodied in Clause 20 shall be avoided pursuant to the provisions of Clause 23.

§ 308.513 Payment of premiums and fees.

The assured must pay the premium, when his closing report is filed, for all shipments shown on his closing report for the preceding month, at the rates prescribed by the Maritime Administrator and in effect (a) on the date of the ocean bill of lading, or (b) if an ocean bill of lading was not issued, on the date of the equivalent shipping document, or (c) if no ocean bill of lading or equivalent shipping document was issued, or if such documents were undated, on the date the goods were laden on the overseas vessel, as required by Clause 19. All payments of premium or fees must be made by check or money order payable to the order of the "Maritime Adm.—Commerce".

§ 308.514 Return premium.

No premium will be returned to the assured with respect to a shipment of goods that attached under the policy except where there was a declaration of value at variance with Clause 8, or an error in the application of a rate or in the computation of a premium, or the insured goods were short-shipped. An application for the return of a premium shall be made on Form MA-307, prescribed in § 308.527, filed in duplicate with the underwriting agent who will transmit it to the Maritime Administrator for payment.

§ 308.515 Payment in event of loss.

All claims for losses shall be filed by the assured with the underwriting agent who issued the policy. Such claims must be supported by the customary documents required in connection with war risk insurance claims, together with appropriate declarations as required by Clause 9, and such further data as may now or hereafter be required by the Maritime Administrator.

§ 308.516 Failure to comply with Clause 21.

(a) If the assured wilfully fails to maintain a collateral deposit fund or a surety bond in an amount sufficient to meet the requirements of Clause 21, the policy becomes void from the date the fund or bond was first insufficient, but, if the assured's failure was inadvertent, the policy may be reinstated when the assured complies with Clause 21, and shows to the satisfaction of the Maritime Administrator that his failure was inadvertent and not wilful. If the failure was in fact inadvertent, the assured shall file a declaration on Form MA-314, prescribed in § 308.536, executed in duplicate, with the underwriting agent within seven (7) days from the time knowledge comes to the assured of the insufficiency of the collateral deposit fund or surety bond unless the time for filing such declaration is extended by permission of the Maritime Administrator. If the space provided in the declaration, Form MA-314, for an explanation of the circumstances by which the assured first

had knowledge that the collateral became exceeded is not sufficient, the assured should attach to the declaration a detailed statement and include the same by reference in the declaration.

(b) If any policy becomes void by reason of the failure of the assured to deposit additional collateral or increase the amount of its surety bond under the provisions of Clause 21, the Maritime Administrator reserves the right to refuse to issue another policy to such assured for a period of 90 days.

§ 308.517 Open cargo policy, Form MA-300.

The following is the standard form of War Risk Open Cargo Policy:

Form MA-300 (Revised 5-61)

UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE

MARITIME ADMINISTRATION

WAR RISK OPEN CARGO POLICY NO. WROC ----

CLAUSE 1. *Assured.* The United States of America, represented by the Maritime Administrator, acting for the Secretary of Commerce (herein called the "Underwriter"), in consideration of the premiums as computed and agreed to be paid pursuant to Clause 19, and of the establishment and maintenance of a collateral deposit fund or the posting and maintenance of a surety bond pursuant to Clause 21, and in accordance with applicable provisions of law and subject to all limitations thereof, particularly title XII, Merchant Marine Act, 1936, as amended, (herein called the "Act"), hereby insures ----- (herein called the "Assured"), against War Risks Only, in accordance with the terms and conditions hereinafter set forth. This policy is issued on behalf of the Underwriter by ----- (herein called the "Underwriting Agent").

CLAUSE 2. *Loss payable.* Loss, if any, payable, in funds current in the United States of America, to the order of the Assured thirty days after satisfactory proofs of loss and proofs of interest have been filed with the Underwriting Agent.

CLAUSE 3. *Goods insured.* To attach, as provided in clauses 5 and 13, upon all shipments of lawful goods and/or merchandise consisting principally of ----- which come within one or more of the following categories, as required by section 1203

(b) of the Act:

(a) Shipped or to be shipped on any American vessel, as defined in section 1201 (a) of the Act;

(b) Shipped or to be shipped on any foreign flag vessel owned by citizens of the United States;

(c) Owned by citizens or residents of the United States, its Territories or possessions;

(d) Imported to, or exported from, the United States, its Territories or possessions, under contracts of sale or purchase by the terms of which the risk of loss by war risks or the obligation to provide insurance against such risks is assumed by or falls upon a citizen or resident of the United States, its Territories or possessions;

(e) Sold or purchased by citizens or residents of the United States, its Territories or possessions, under contracts of sale or purchase by the terms of which the risk of loss by war risks or the obligation to provide insurance against such risks is assumed by or falls upon a citizen or resident of the United States, its Territories or possessions;

(f) Shipped between ports in the United States, or between ports in the United States and its Territories or possessions, or between ports in such Territories or possessions; and

(g) Shipped or to be shipped on any foreign flag vessels, whether or not owned by

citizens of the United States, if such vessels are engaged in transportation of waterborne commerce of the United States or in such other transportation by water or such other services as may be deemed by the Maritime Administrator to be in the interest of the national defense or the national economy of the United States, when so engaged.

CLAUSE 4. Insurable interest. To cover all shipments:

(a) *By assured.* Shipped or consigned to, or by, the Assured for his account and risk;

(b) *By others for assured.* Shipped or consigned to, or by, other persons for the account and at the risk of the Assured;

(c) *Sold prior to loading.* Shipped to, by, or at the direction of the Assured and sold by him prior to loading on board the overseas vessel (1) on terms requiring the Assured to provide war risk insurance to the port of discharge, or (2) with respect to which written or cabled instructions to provide war risk insurance to the port of discharge have been received by the Assured from the purchaser prior to loading of the goods on board the overseas vessel;

(d) *Sold after attachment of risk.* Shipped to, by, or at the direction of the Assured and sold by the Assured subsequent to the attachment of risk hereunder on terms requiring the Assured to provide war risk insurance to the port of discharge, subject to the condition that in the event of loss the amount collectible shall not exceed the amount which would have been collectible by the Assured if the Assured at the time of loss had retained full interest in the insured goods.

CLAUSE 5. Attachment. To attach, as provided in Clause 13, on all shipments made on or after -----:

(a) Under ocean bills of lading dated on or after said date, or

(b) If ocean bills of lading are not issued, under equivalent shipping documents dated on or after said date, or

(c) If no ocean bills of lading or equivalent shipping documents are issued, or if such documents are undated, laden on overseas vessel on or after said date.

CLAUSE 6. Conveyance. By overseas vessels and connecting conveyances.

CLAUSE 7. Voyages covered. At and from ----- to -----

CLAUSE 8. Valuation. Goods insured hereunder shall be valued at -----

CLAUSE 9. Limits on amount payable for loss—(a) *Fair market value at commencement of risk.* In the event of loss, the Assured shall file a declaration (under the penalties of perjury) stating that the amount claimed does not exceed the fair market value of the lost or damaged goods at the place and approximate time of the attachment of risk, plus the cost of marine insurance, transportation and expenses incidental thereto, and war risk insurance with respect to the lost or damaged goods.

(b) *Fair market value at port of arrival.* If it is impossible to determine the fair market value at the place and approximate time of the attachment of risk, as provided in paragraph (a) of this clause, the Assured shall file a declaration (under the penalties of perjury) stating that the amount claimed does not exceed the fair market value at the designated port of arrival on the date of the attachment of risk, plus the costs of marine insurance, transportation and expenses incidental thereto, and war risk insurance with respect to the lost or damaged goods.

(c) *Purchase price less discount.* If the lost or damaged goods were purchased by the named Assured prior to loading on board the overseas vessel, the Assured shall file a declaration (under the penalties of perjury), in lieu of the declarations provided for in paragraphs (a) and (b) of this clause, stating that the amount claimed does not exceed the actual amount paid or payable to the seller for the goods less all discounts, plus the costs of marine insurance, trans-

portation and expenses incidental thereto, and war risk insurance with respect to the lost or damaged goods. If Standard Optional Endorsement No. 2, Form MA-300-B, has been executed, and if the lost or damaged goods were purchased by the principal named in Endorsement No. 2, the declaration provided for in this paragraph shall be signed by both the agent and the named principal.

(d) *Sales price less discounts.* If the lost or damaged goods were shipped by, to, or at the direction of the Assured and were sold by the Assured prior to loading on board the overseas vessel (1) on terms requiring the Assured to provide war risk insurance to the port of discharge, or (2) with respect to which written or cabled instructions to provide war risk insurance to the port of discharge have been received by the Assured from the purchaser prior to loading of the goods on board the overseas vessel, and which were shipped for the account and at the risk of third persons other than a branch, subsidiary or affiliate of the Assured, the named Assured shall file a declaration (under the penalties of perjury), in lieu of the declarations required by paragraphs (a), (b), or (c) of this clause, stating that the amount claimed does not exceed the actual bona fide sales price less all discounts, plus the costs of marine insurance, transportation and expenses incidental thereto, and war risk insurance with respect to the lost or damaged goods if such items are not included in the sales price. The claim shall be filed by the named Assured unless otherwise permitted in writings by the Maritime Administrator for good cause shown.

(e) *Criminal Code.* The declarations required to be filed pursuant to this clause shall be subject to the United States Criminal Code which makes it a criminal offense for any person knowingly to make a false statement or representation to, or to conceal a material fact from, any department or agency of the United States as to any matter within its jurisdiction (18 U. S. C. 1001), or to file a false, fictitious or fraudulent claim against the United States (18 U. S. C. 287).

AMERICAN INSTITUTE WAR CLAUSES

CLAUSE 10. War risks only. This insurance is only against the risks of capture, seizure, destruction or damage by men-of-war, piracy, takings at sea, arrests, restraints, detentions and other warlike operations and acts of kings, princes and peoples in prosecution of hostilities or in the application of sanctions under international agreements, whether before or after declaration of war and whether by a belligerent or otherwise, including factions engaged in civil war, revolution, rebellion or insurrection, or civil strife arising therefrom; and including the risks of aerial bombardment, floating or stationary mines and stray or derelict torpedoes, and weapons of war employing atomic or nuclear fission and/or fusion or other reaction or radioactive force or matter; but excluding claims for delay, deterioration and/or loss of market, and warranted not to abandon (on any ground other than physical damage to ship or cargo) until after condemnation of the property insured.

CLAUSE 11. Arrests, restraints. Warranted free from any claim based upon loss of, or frustration of, the insured voyage or adventure caused by arrests, restraints or detentions.

CLAUSE 12. Commandeering. This insurance does not cover any loss or damage caused by or resulting from any of the following causes:

(a) Commandeering, preemption, requisition or nationalization by the government (de facto or otherwise) of the country to or from which the goods are insured.

(b) Seizure or destruction under quarantine or custom regulations.

CLAUSE 13. Period covered. (a) The insurance against the risks enumerated in

Clause 10, except the risks of floating or stationary mines and stray or derelict torpedoes, floating or submerged, referred to in Clause 13 (b) below, shall not attach to the interest hereby insured or to any part thereof—

(1) Prior to being on board an overseas vessel (for the purpose of this Clause 13 an overseas vessel shall be deemed to mean a vessel carrying the interest from one port or place to another where such voyage involves a sea passage by that vessel);

(2) After being discharged overside from an overseas vessel at the final port of discharge; or

after the expiry of fifteen (15) days counting from midnight of the day of arrival of the overseas vessel at the final port of discharge whichever shall first occur;

(3) After expiry of fifteen (15) days from midnight of the day of arrival of the overseas vessel at an intermediate port or place to discharge the interest for on-carriage from that or any other port or place by another overseas vessel, but shall re-attach as the interest is loaded on the on-carrying overseas vessel. During the said period of fifteen (15) days the insurance remains in force whether the interest is awaiting transit or in transit between the overseas vessels.

(b) The insurance against the risks of floating or stationary mines and stray or derelict torpedoes, floating or submerged, attaches as the interest hereby insured is first loaded on lighter, craft, or vessel after leaving the warehouse at point of shipment in transit for the destination declared hereunder, and ceases to attach as the interest is finally landed from the vessel, craft or lighter prior to delivery to warehouse at such destination.

If the contract of affreightment is terminated at a port or place other than the destination named therein such port or place shall be deemed the final port of discharge for the purpose of this clause.

It is a condition of this insurance that the Assured shall act with reasonable dispatch in all circumstances within their control.

If anything contained in this policy shall be inconsistent with this Clause 13 it shall to the extent of such inconsistency be null and void.

CLAUSE 14. Deviation. This insurance shall not be vitiated by deviation, overcarriage, change of voyage, or by any error or unintentional omission in the description of interest, vessel or voyage, provided the same be communicated to the Underwriting Agent as soon as known to the Assured and an additional premium paid if required.

CLAUSE 15. Sue and labor. In case of any loss or misfortune, it shall be lawful and necessary to and for the Assured, his or their factors, servants and assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the said goods and merchandise, or any part thereof, without prejudice to this insurance; nor shall the acts of the Assured or the Underwriter, in recovering, saving and preserving the property insured, in case of disaster, be considered a waiver or an acceptance of abandonment; and to the charges whereof, the Underwriter will contribute according to the rate and quantity of the sum hereby insured.

CLAUSE 16. General average. General Average and Salvage Charges payable according to United States laws and usage and/or as per Foreign Statement and/or as per York-Antwerp Rules (as prescribed in whole or in part) if in accordance with the Contract of Affreightment.

CLAUSE 17. Collision. No claim shall be payable hereunder which arises from collision, contact with any fixed or floating object (other than a mine or torpedo), stranding, heavy weather or fire unless caused directly (and independently of the nature of the voyage or service which the vessel concerned or, in the case of a col-

lision, any other vessel involved therein, is performing) by a hostile act by or against a belligerent power; and for the purpose of this paragraph "power" includes any authority maintaining naval, military or air forces in association with a power.

SPECIAL CLAUSES

CLAUSE 18. Transit interrupted. If the ordinary course of transit of the goods hereby insured is interrupted or terminated by the shipper, consignee, or Assured or any party acting on their behalf, this insurance shall forthwith terminate.

CLAUSE 19. Closing report. It is warranted that not later than the 25th day of each calendar month, the Assured will file with the Underwriting Agent closing reports in the manner and form required by such regulations as may be promulgated by the Maritime Administrator from time to time of all shipments coming within the scope of this policy.

(a) As to inward shipments as defined in section 308.512 of Maritime Administration General Order No. 75 such reports must include

(1) All shipments which have arrived at port of destination during the preceding calendar month, and

(2) All shipments with respect to which inability to so arrive by reason of loss frustration or other similar cause has come to the knowledge of the Assured during the preceding calendar month, and

(b) As to outward shipments as defined in section 308.512 of Maritime Administration General Order 75 which attached under the policy during the preceding calendar month. And will pay premium thereon at the rate prescribed by the Maritime Administrator and in effect:

(1) On the date of the ocean bill of lading, or

(2) If an ocean bill of lading was not issued, on the date of the equivalent shipping document, or

(3) If no ocean bill of lading or equivalent shipping document was issued, or if such documents were undated, on the date the goods were laden on an overseas vessel.

CLAUSE 20. Breach of policy. It is understood and agreed that whenever any premium is not paid when due, or any closing report is not filed as prescribed by Clause 19 hereof, the effect is such that a breach of the policy terms and conditions has been made by the Assured, and the policy automatically ceases to insure any shipment which would otherwise have attached after the expiration of fifteen (15) days following the due date of the premium or closing report, unless within the said fifteen (15) day period, the premium is paid or the closing report as required by Clause 19 hereof is filed with the Underwriting Agent, and a reinstatement fee of Twenty-five (\$25) Dollars is paid by check or United States Postal Money Order payable to the Order of the "Maritime Adm.-Commerce", together with the amount of premium due, if any.

CLAUSE 21. Collateral. It is warranted that the Assured will at all times maintain with the Maritime Administrator a Collateral Deposit Fund or that in lieu of such Collateral Deposit Fund a Surety Bond in the form prescribed by the Maritime Administrator will be filed with the Underwriting Agent and maintained in full force and effect for the purpose of securing payment of premium hereunder. In the event that the Assured inadvertently fails to maintain such a Collateral Deposit Fund or such a Surety Bond in an amount sufficient so that at all times such amount is in excess of the unpaid premium then or thereafter payable with respect to any or all risks which have attached under the terms of the policy, it shall be a condition of this insurance that unless the Assured shall within seven (7) days from the time such insufficiency comes to the knowledge of the Assured deposit additional

collateral or increase the surety bond in an amount not less than double the amount of such insufficiency and for a sum which shall be in even multiples of \$500, this policy shall be void at the end of such seven (7) day period except as to risks which shall have attached prior to such voidance of this policy.

Notwithstanding the foregoing, however, if the Maritime Administrator shall determine that the failure of the Assured to maintain a sufficient Collateral Fund or Surety Bond was wilful rather than inadvertent, said policy shall be void from the date said Collateral Fund or Surety Bond was first insufficient to secure the premiums on risks which would otherwise have attached hereunder.

CLAUSE 22. Books and records. The Assured warrants and agrees that it will regularly keep books, records and accounts in such manner and form that all information available to the Assured as to the amounts at risk and the amounts of losses incurred and premiums due can be readily ascertained therefrom by the Maritime Administrator. The Assured, as often as may be reasonably required, shall exhibit such books, records and accounts to any person designated by the Maritime Administrator, and submit to examinations under oath by any person named by the Maritime Administrator, and subscribe the same.

CLAUSE 23. Unintentional error. This insurance shall not be invalidated by any error, or omission in the filing of Closing Reports which is demonstrated to the satisfaction of the Maritime Administrator to have been inadvertent or unintentional, or by any failure to report which is demonstrated to the satisfaction of the Maritime Administrator to have arisen from causes beyond the control of the Assured. The Maritime Administrator, or his representative duly authorized in writing, may waive strict compliance with any warranty or condition of this insurance to the extent that he may determine that it imposes a hardship on any claimant in good faith hereunder which would not be imposed in connection with a policy issued in accordance with commercial practice in the marine insurance business, and to the extent that he may determine that such waiver is not contrary to the provisions of title XII of the Merchant Marine Act, 1936, as amended, under which the Policy is issued. In any determination as aforesaid the decision of the Maritime Administrator, or his duly authorized representative, shall be conclusive upon all parties thereto.

CLAUSE 24. Goods excluded. This policy does not cover shipments of specie, currency, securities, valuable documents, jewelry, precious stones, gold and silver and other precious metals, nor any articles transported by means of ordinary mail or air-mail or registered mail or parcel post.

CLAUSE 25. Special coverage. No shipment of cargo coming within the scope of this policy shall attach hereunder subsequent to the sailing of the carrying vessel from the original port of loading with respect to such cargo. Notwithstanding the foregoing provision an Assured may specially declare to his Underwriting Agent any shipment excluded from coverage by the preceding sentence, in which event insurance shall attach hereunder, if vessel and interest insured is safe in port on date of such declaration, or shall attach upon the safe arrival of vessel and interest insured at first port thereafter, warranted no known or reported loss of or damage to said vessel and interest insured at time of attachment.

CLAUSE 26. Partial loss. In case of partial loss by perils insured against, the proportion of loss shall be determined by a separation of the damaged portion of the insured property from the sound and by an agreed estimate (by survey) of the percentage of damage of such portion; or if such agreement

is not practicable, then by public sale of such damaged portion for the account of the owner of the property, and by comparison of the amount so realized with the applicable valuation limit provided in Clause 9.

CLAUSE 27. Labels clause. In case of damage affecting labels, capsules or wrappers, the Underwriter, if liable therefor under the terms of this policy, shall not be liable for more than an amount sufficient to pay the cost of new labels, capsules or wrappers, and the cost of reconditioning the goods, but in no event shall the Underwriter be liable for more than the insured value of the damaged merchandise.

CLAUSE 28. Carrier clause. Warranted that this insurance shall not insure, directly or indirectly, to the benefit of any carrier or bailee.

CLAUSE 29. Notice of loss. In the event of loss which may give rise to a claim under this policy, prompt notice must be given to the Underwriting Agent.

CLAUSE 30. Rules and regulations. This policy is subject to all rules and regulations pertaining hereto which may now or hereafter from time to time be published in the FEDERAL REGISTER.

CLAUSE 31. Cancellation. This policy may be canceled at any time upon 15 days written or telegraphic notice to or by the Assured or 15 days subsequent to the publication of a notice of cancellation in the FEDERAL REGISTER or at such other date as may be mutually agreed: Provided, however, that no such cancellation shall terminate this policy with respect to any shipments which have become a risk under the terms hereof prior to the effective date of such notice.

CLAUSE 32. Amendments. This policy may be amended by endorsement attached hereto and executed on behalf of the United States of America, represented by the Maritime Administrator, acting for the Secretary of Commerce, by a duly authorized Underwriting Agent pursuant to prior written or telegraphic instructions from the Maritime Administrator or by publication of an amendment to the Open Cargo Policy form in the FEDERAL REGISTER. In the latter event such amendment shall become effective upon the date of the publication of the amendment in the FEDERAL REGISTER or upon such date as may be specified therein: *Provided, however,* That no amendment which is restrictive in effect upon an Assured shall become effective prior to 48 hours after the date of such publication and no such restrictive amendment shall affect any shipments which shall have attached hereunder prior to the effective date of such amendment. In the event that the Assured is unwilling to accept any amendment to this policy, he shall have the option of terminating this policy as of the effective date of such amendment upon written or telegraphic notice to the Maritime Administrator through the Underwriting Agent prior to such effective date.

In witness whereof, the Maritime Administrator, acting for the Secretary of Commerce, has signed this policy, but this policy shall not be valid unless countersigned by an authorized Underwriting Agent.

UNITED STATES OF AMERICA,
By Maritime Administrator,
Acting for the Secretary
of Commerce.

(Maritime Administrator)

The Underwriting Agent does not, by countersigning and issuing this Policy or in any other manner, warrant its own authority, or the authority of the Maritime Administrator, acting for the Secretary of Commerce, to issue this policy, but acts solely under the power conveyed to the Underwriting Agent by an agreement made with the Maritime Administrator, acting for the Secretary of Commerce.

Countersigned this ---- day of -----
19--.

(Underwriting agent)

By -----

Address of Underwriting Agent for receiving notices of loss -----

§ 308.518 Standard optional endorsement No. 1, Form MA-300-A.

Standard Optional Endorsement No. 1 limits the amount payable for the loss of goods to the actual bona fide pecuniary loss to the Assured, exclusive of any allowance for anticipated or accrued profit arising out of the insured venture. An Assured may elect to have his Open Cargo Policy endorsed with Standard Optional Endorsement No. 1 applicable (a) on all shipments, or (b) on all outward shipments, or (c) on all inward shipments, or (d) on named commodities except goods sold by the Assured prior to loading on board the overseas vessel and shipped for the account and at the risk of third persons other than a branch subsidiary or affiliate of the Assured. When an Assured has elected to have Standard Optional Endorsement No. 1 made applicable to certain named commodities he may not change to a different basis of valuation for those commodities until after he has given ninety (90) days written notice to the Maritime Administrator through the Underwriting Agent of his election to make the change. Application for Standard Optional Endorsement No. 1 may be made to the Underwriting Agent who is authorized to issue the endorsement without prior approval of the Maritime Administrator. The following is the Standard Form of Optional Endorsement No. 1:

Form MA-300-A (7-54)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

STANDARD OPTIONAL ENDORSEMENT NO. 1

This endorsement is attached to and made a part of War Risk Open Cargo Policy No. WROC ----, issued to: -----
The terms and conditions as set forth below shall supersede and nullify the clauses of the policy insofar as such clauses are inconsistent with the clauses set forth below:

CLAUSE A. Limits on amount payable for loss. Clause 9 of the Open Cargo Policy is hereby deleted and the following substituted therefor:

CLAUSE 9. Limits on amount payable for loss—(a) Actual pecuniary loss. In the event of loss, the Assured shall file a declaration (under the penalties of perjury) stating that the amount claimed does not exceed the actual bona fide pecuniary loss to the Assured, exclusive of any allowance for anticipated or accrued profits arising out of the insured venture. If claim is filed by the Assured named herein on behalf of any other person at interest, the declaration shall include a statement that the amount collectible does not exceed the amount which would have been collectible by the Assured named herein if at the time of the loss the Assured named herein had full interest in the insured goods. If this policy is issued to an agent for account of a principal named herein, both the agent and the named principal shall be required to sign the declaration provided for in this Clause.

(b) Sales price less discounts. If the lost or damaged goods were shipped by, to, or at

the direction of the Assured and were sold by the Assured prior to loading on board the overseas vessel (1) on terms requiring the Assured to provide war risk insurance to the port of discharge, or (2) with respect to which written or cabled instructions to provide war risk insurance to the port of discharge have been received by the Assured from the purchaser prior to loading of the goods on board the overseas vessel, and which were shipped for the account and at the risk of third persons other than a branch, subsidiary or affiliate of the Assured, the named Assured shall file a declaration (under the penalties of perjury), in lieu of the declaration required by paragraph (a) of this clause, stating that the amount claimed does not exceed the actual bona fide sales price less all discounts, plus the costs of marine insurance, transportation and expenses incidental thereto, and war risk insurance with respect to the lost or damaged goods if such items are not included in the sales price. The claim shall be filed by the named Assured unless otherwise permitted in writing by the Maritime Administrator for good cause shown.

(c) Criminal code. The declarations required to be filed pursuant to this Clause shall be subject to the United States Criminal Code which makes it a criminal offense for any person knowingly to make a false statement or representation to, or to conceal a material fact from, any department or agency of the United States as to any matter within its jurisdiction (18 U. S. C. 1001), or to file a false, fictitious or fraudulent claim against the United States (18 U. S. C. 287).

CLAUSE B. Effective date. This endorsement shall be effective on all shipments made on or after -----:

(a) Under ocean bills of lading dated on or after said date, or

(b) If ocean bills of lading are not issued, under equivalent shipping documents dated on or after said date, or

(c) If no ocean bills of lading or equivalent shipping documents are issued, or if such documents are undated, laden on overseas vessel on or after said date.

§ 308.519 Standard optional endorsement No. 2, Form MA-300-B.

Standard Optional Endorsement No. 2 amends the policy to cover shipments made to the Assured or shipped by the Assured as agent for the account and risk of a principal. Application for Standard Optional Endorsement No. 2 may be made to the underwriting agent, who is authorized to issue the endorsement without prior approval of the Maritime Administrator. The following is the Standard Form of Optional Endorsement No. 2:

Form MA-300-B (7-54)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

STANDARD OPTIONAL ENDORSEMENT NO. 2

This endorsement is attached to and made a part of War Risk Open Cargo Policy No. WROC ----, issued to: -----
The terms and conditions as set forth below shall supersede and nullify the clauses of the policy insofar as such clauses are inconsistent with the clauses set forth below:

CLAUSE A. Agent for principal. This policy covers all shipments otherwise coming within the scope of this policy but shipped to or consigned to the Assured, or shipped by the Assured, and for the account and risk of ----- (herein called the "Principal"). The Assured warrants that he is a duly authorized agent of the Principal for the purposes of the insured transaction. The As-

sured warrants that closing reports as provided for by the terms of this policy and by the terms of General Order 75 of the Maritime Administration and supplements thereto will be filed by him with respect to all shipments insured hereunder, and subject to all the conditions and regulations of the Maritime Administrator relating to such reports. In the event of loss, any sums payable under the terms of this policy shall be paid to the order of the Principal. In the event of loss, the Assured acting as agent for the Principal shall file the declarations called for by the terms of this policy, but if the Principal is domiciled in the United States of America, or any possessions or territories thereof as defined in Maritime Administration General Order 75, or any amendments thereto, or maintains regular office or place of business therein, the Principal shall be required to file a similar declaration. In the event of loss the amount collectible hereunder shall not exceed the amount which would have been collectible by the Principal if he were named as the Assured hereunder.

CLAUSE B. Effective date. This endorsement shall be effective on all shipments made on or after -----:

(a) Under ocean bills of lading dated on or after said date, or

(b) If ocean bills of lading are not issued, under equivalent shipping documents dated on or after said date, or

(c) If no ocean bills of lading or equivalent shipping documents are issued, or if such documents are undated, laden on overseas vessels on or after said date.

§ 308.520 Standard optional endorsement No. 3, Form MA-300-C.

Standard Optional Endorsement No. 3 amends the policy to include shipments of diamonds for industrial purposes, or rubies or sapphires, natural or synthetic, used for instruments or watch jewels imported to the Continental United States (excluding Alaska). Application for Standard Optional Endorsement No. 3 may be made to the Underwriting Agent who shall transmit it to the Maritime Administrator for approval or disapproval of the issuance of the endorsement. The following is the Standard Form of Optional Endorsement No. 3:

Form MA-300-C (7-54)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

STANDARD OPTIONAL ENDORSEMENT NO. 3

This endorsement is attached to and made a part of War Risk Open Cargo Policy No. WROC ----, issued to: -----
The terms and conditions as set forth below shall supersede and nullify the clauses of the policy insofar as such clauses are inconsistent with the clauses set forth below:

CLAUSE A. Precious stones. Shipments of ----- to the Continental United States (excluding Alaska) are hereby covered, subject to all the terms and conditions of this policy not in conflict herewith. It is warranted by the Assured that the Underwriter shall not be liable for more than two hundred fifty thousand (\$250,000) dollars in any event by loss or damage in respect to shipments by any one vessel under the terms of this endorsement. It is further warranted by the Assured that no shipments will attach hereunder until a qualified officer of the overseas vessel has receipted for the goods covered by this endorsement by acknowledging deposit of the same in the safe or strong room of the carrying vessel.

CLAUSE B. *Effective date.* This endorsement shall be effective on all shipments made on or after _____:

(a) Under ocean bills of lading dated on or after said date, or

(b) If ocean bills of lading are not issued, under equivalent shipping documents dated on or after said date, or

(c) If no ocean bills of lading or equivalent shipping documents are issued, or if such documents are undated, laden on overseas vessels on or after said date.

§ 308.521 Application for open cargo policy, Form MA-301.

The following is the standard form of application for a War Risk Open Cargo Policy:

Form MA-301 (7-54)

UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE

MARITIME ADMINISTRATION

APPLICATION FOR WAR RISK OPEN CARGO POLICY

Application is made for a War Risk Open Cargo Policy of insurance in the standard form prescribed in section 308.517 of General Order 75 of the Maritime Administration, pursuant to title XII, Merchant Marine Act, 1936, as amended, and in accordance with all provisions of law and subject to all limitations thereof:

1. *Assured.* Assured to be: _____
(Name)

(Number) (Street) (City) (Zone)
(County) (State)

2. *Loss payable.* Loss, if any, to be payable in funds current in the United States of America to the order of the Assured.

3. *Goods insured.* Insurance to cover all shipments of lawful goods or merchandise consisting principally of _____ which come within one or more of the following categories, as required by section 1203 (b) of the Merchant Marine Act, 1936, as amended:

(a) Shipped or to be shipped on any American vessel, as defined in section 1201 (a) of the Act;

(b) Shipped or to be shipped on any foreign flag vessel owned by citizens of the United States;

(c) Owned by citizens or residents of the United States, its Territories or possessions;

(d) Imported to, or exported from, the United States, its Territories or possessions, under contracts of sale or purchase by the terms of which the risk of loss by war risks or the obligation to provide insurance against such risks is assumed by or falls upon a citizen or resident of the United States, its Territories or possessions;

(e) Sold or purchased by citizens or residents of the United States, its Territories or possessions, under contracts of sale or purchase by the terms of which the risk of loss by war risks or the obligation to provide insurance against such risks is assumed by or falls upon a citizen or resident of the United States, its Territories or possessions;

(f) Shipped between ports in the United States, or between ports in the United States and its Territories or possessions, or between ports in such Territories or possessions; and

(g) Shipped or to be shipped on any foreign flag vessel, whether or not owned by citizens of the United States, if such vessels are engaged in transportation of waterborne commerce of the United States or in such other transportation by water or such other services as may be deemed by the Maritime Administrator to be in the interest of the national defense or the national economy of the United States, when so engaged.

Applicant requests that Optional Endorsement No. 3 be attached to the policy. Yes ☐. No ☐. If "yes" is checked state the reasons for your request and designate the goods to be covered by the endorsement. (The endorsement will not be issued without the written approval of the Maritime Administrator.)

4. *Insurable interest.* To cover all shipments as indicated below by a check made in the appropriate square:

(a) *By assured.* Shipped or consigned to or by, the Assured for his account and risk. Yes ☐. No ☐.

(b) *By others for assured.* Shipped or consigned to, or by, other persons for the account and at the risk of the Assured. Yes ☐. No ☐.

(c) *Sold prior to loading.* Shipped to, by, or at the direction of the Assured and sold by him prior to loading on board the overseas vessel (1) on terms requiring the Assured to provide war risk insurance to the port of discharge, or (2) with respect to which written or cabled instructions to provide war risk insurance to the port of discharge will be received by the Assured from the Purchaser prior to loading of the goods on board the overseas vessel. Yes ☐. No ☐.

(d) *Sold after attachment of risk.* Shipped to, by, or at the direction of the Assured and sold by the Assured subsequent to the attachment of risk under the policy on terms requiring the Assured to provide war risk insurance to the port of discharge, subject to the condition that in the event of loss the amount collectible shall not exceed the amount which would have been collectible by the Assured if the Assured at the time of loss had retained full interest in the insured goods. Yes ☐. No ☐.

(e) *Agent for principal.* Shipped to or consigned to the Assured, or shipped by the Assured as Agent for the Account and risk of _____
(Name)

(Number) (Street) (City) (Zone)
(County) (State) as Principal.

Applicant warrants that he is a duly authorized agent of the Principal for the purpose of the insured transaction, and that closing reports as provided for by Clause 19 of the policy and by the terms of General Order 75 of the Maritime Administration and amendments thereof will be filed by him with respect to all shipments insured under the policy. Applicant requests that Standard Optional Endorsement No. 2 be attached to the policy. Yes ☐. No ☐.

5. *Attachment.* To attach, as provided in Clause 13 of the standard form of policy, on all shipments made on or after _____ (which shall not be earlier than the date of the completion of the requirements for the issuance of the policy):

(a) Under ocean bills of lading dated on or after said date, or

(b) If ocean bills of lading are not issued, under equivalent shipping documents dated on or after said date, or

(c) If no ocean bills of lading or equivalent shipping documents are issued, or if such documents are undated, laden on overseas vessel on or after said date.

6. *Conveyance.* By overseas vessels and connection conveyances.

7. *Voyages covered.* At and from _____ to _____

8. *Valuation.* Goods insured under the policy shall be valued at _____. Applicant requests that Standard Optional Endorsement No. 1 be attached to the policy. Yes ☐. No ☐.

9. *Rates of premium.* The rates of premium shall be determined by the Maritime Administrator.

10. *Security for payment of premium.* This application is accompanied by (strike out inapplicable provisions):

(a) Letter of transmittal for a Collateral Deposit Fund with check or United States Government Bonds for \$_____

(b) Surety Bond A, executed by the applicant as principal and _____ (surety company) as surety for \$_____.

Dated: _____, 19____

(Applicant)

By: _____
(Title)

This application must be accompanied by either (a) letter of transmittal for a Collateral Deposit Fund with accompanying check, or United States Government Bonds, or (b) Surety Bond A executed by the Assured as Principal and by the Surety, complying in either case with all applicable provisions of Maritime Administration General Order 75, and supplements thereto.

§ 308.522 Collateral deposit fund, letter of transmittal, Form MA-302.

The following is the standard form of letter of transmittal for use in establishing a collateral deposit fund:

Form MA-302 (7-54)

COLLATERAL DEPOSIT FUND

Transmittal Letter

Policy No. WROC _____

Amount Enclosed \$_____

To: Maritime Administrator,

c/o _____, Underwriting Agent.

Enclosed herewith is *check drawn to the order of the "Maritime Adm.—Commerce" or "United States Government Bond in the above sum to be held by the Maritime Administrator as a collateral deposit fund under the above numbered Open Cargo Policy pursuant to all of the terms and conditions of said policy, and such additional conditions and regulations as may be promulgated from time to time by the Maritime Administrator and published by the Maritime Administrator in the FEDERAL REGISTER as provided in said policy.

Dated: _____
(Assured)

By _____
(Title)

Received on _____, and collateral sent
(Date)

by registered mail to the Comptroller, Maritime Administration, Washington 25, D.C., on _____

(Underwriting Agent)
By: _____

*Strike out inapplicable words.

§ 308.523 Application for revision of open cargo policy, Form MA-303.

An application for the revision of an Open Cargo Policy must be filed in duplicate with the Underwriting Agent on the following form:

Form MA-303 (7-54)

UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE

MARITIME ADMINISTRATION

APPLICATION FOR REVISION OF OPEN CARGO POLICY

The Assured hereby requests that the following change be endorsed upon the War Risk Open Cargo Policy No. WROC _____ issued and countersigned by _____
(Name of Underwriting Agent)

effective on all shipments made on or after* _____:

*This date must not be earlier than the day of receipt of this application by the Underwriting Agent by whom the policy was issued unless otherwise specially authorized in writing by the Maritime Administrator.

(a) Under ocean bills of lading dated on or after said date, or

(b) If ocean bills of lading are not issued, under equivalent shipping documents, dated on or after said date, or—

(c) If no ocean bills of lading or equivalent shipping documents are issued, or if such documents are undated, laden on overseas vessel on or after said date: _____

(If this form does not contain sufficient space to set forth the desired changes, attach another sheet of paper hereto, and incorporate the same by reference.)

_____ (Assured)

_____ (Address)

By: _____

_____ (Title)

(Do not use this space)

§ 308.524 Application for cancellation of open cargo policy, Form MA-304.

The following is the standard form of application for cancellation of an Open Cargo Policy:

Form MA-304 (7-54)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

APPLICATION FOR CANCELLATION OF OPEN CARGO POLICY

Please cancel Open Cargo Policy No. WROC _____ effective on shipments made on or after _____.

(a) Under ocean bills of lading dated on or after said date, or

(b) If ocean bills of lading are not issued, under equivalent shipping documents dated on or after said date, or

(c) If no ocean bills of lading or equivalent shipping documents are issued, or if such documents are undated, laden on overseas vessel on or after said date.

_____ (Assured)

By: _____

_____ (Title)

The original Policy No. WROC _____ was received by the Underwriter on _____ 19__.

_____ (Underwriting Agent)

By: _____

*NOTE: The effective date of this cancellation must be a date not earlier than 15 days following the receipt of this application for cancellation as acknowledged by the Underwriting Agent unless otherwise agreed by the Maritime Administration in writing.

§ 308.525 Application for decrease in amount of cash collateral fund, Form MA-305.

The following is the standard form of application for decrease in the amount of the cash collateral deposit fund:

Form MA-305 (7-54)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

APPLICATION FOR DECREASE IN AMOUNT OF CASH COLLATERAL FUND

Please decrease the amount of the Collateral Deposit maintained to secure the payment of premiums under Open Cargo Policy No. WROC _____ by refunding \$_____. The Assured agrees that for all purposes ex-

cept for the actual repayment of the requested refund, payment shall be considered as made at the date that the Underwriting Agent acknowledges receipt of this request.

Date: _____

_____ (Assured)

By: _____

_____ (Title)

Receipt is hereby acknowledged of the application for decrease in amount of Collateral Deposit by the sum of _____ Dollars (\$_____), this _____ day of _____, 19__.

Actual repayment of money will be made according to the terms and conditions of the Open Cargo Policy and applicable regulations.

_____ (Underwriting Agent)

By: _____

§ 308.526 Certificate for repayment of decrease of collateral deposit fund, Form MA-306.

The following is the standard form of certificate for repayment of the amount of the decrease of the collateral deposit fund:

Form MA-306 (7-54)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

CERTIFICATE FOR REPAYMENT OF DECREASE OF COLLATERAL DEPOSIT FUND

_____ (Name of person certifying) certifies under the penalties of perjury that: (He) (She) is an officer, to wit: _____

_____ (Title)

of the _____ (Name of Corporation or company) insured under Open Cargo Policy No. WROC _____

or*

(He) (She) is the assured named in Open Cargo Policy No. WROC _____ and is familiar with all matters pertaining thereto.

That the refund of _____ Dollars (\$_____) was effected as of the _____ day of _____, 19__, but has not yet been repaid; that all premiums accrued by reason of the attachment of all known or reported risks covered under Open Cargo Policy No. WROC _____ up to the time of the receipt of Surety Bond B on the _____ day of _____, 19__, by _____, the Underwriting Agent, have been paid in full and the unpaid premium accrued by reason of the attachment of any and all known or reported risks since said date and at the date of this certificate is not greater than _____ Dollars (\$_____), the amount remaining on deposit if payment is made as herein requested.

Date: _____

NOTE: The United States Criminal Code makes it a criminal offense for any person knowingly to make a false statement or representation to, or to conceal a material fact from, any department or agency of the United States as to any matter within its jurisdiction (18 U. S. C. 1001), or to file a false, fictitious or fraudulent claim against the United States (18 U. S. C. 287).

*Strike out inapplicable part.

§ 308.527 Application for return premium, Form MA-307.

An application for the return of premium must be filed in duplicate with the Underwriting Agent in the following form:

Form MA-307 (7-54)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

APPLICATION FOR RETURN PREMIUM OPEN CARGO POLICY

Do not fill out this space

Premium paid _____

Checked by Underwriting _____

Agency _____

Checked by Clearing Organiza- _____

tion _____

Approved by: _____

Maritime Administrator, Acting for the Secretary of Commerce of the United States of America.

Assured _____ Policy Number _____

Address _____ Date of Payment _____

Underwriting Agent _____

Nature of Cargo _____

INSURANCE DECLARED

Quantity (tons, barrels, bales, etc.)	Amount of insurance	Rate	Premium
Total _____	_____	_____	_____

INSURANCE AT RISK

Total _____	_____	_____	_____
-------------	-------	-------	-------

Return Premium _____

Remarks: _____ Application is hereby made for return premium as set forth above.

Date: _____

_____ (Assured)

By: _____

_____ (Title)
Certificate

_____ (Name of person certifying) certifies under penalties of perjury that:

(He) (She) is an officer, to wit: _____ of the _____

(Name of Corporation or Company) insured under Open Cargo Policy No. _____

or*

(He) (She) is the Assured named in Open Cargo Policy No. _____ and is familiar with all matters pertaining thereto; and that the information set forth in said application is in all respects true and correct and is made to induce the Maritime Administrator to return part or all of the premiums heretofore paid by said Assured to said Maritime Administrator for Open Cargo War Risk Insurance. The application is made with full knowledge that the Maritime Administrator will rely on the information set forth therein.

NOTE: The United States Criminal Code makes it a criminal offense for any person knowingly to make a false statement or representation to, or to conceal a material fact from, any department or agency of the United States as to any matter within its jurisdiction (18 U. S. C. 1001), or to file a false, fictitious or fraudulent claim against the United States (18 U. S. C. 287).

*Strike out inapplicable part.

§ 308.528 Surety Bond A, Form MA-308.

The following is the Standard Form of Surety Bond A to be used by an As-

sured who elects to post a surety bond as security for payment of the premiums pursuant to Clause 21 of the policy:

Form MA-308 (7-54)

SURETY BOND A

WAR RISK OPEN CARGO POLICY NO. WROC ----

Know all men by these presents, That we ----- of -----, as Principal, and ----- of -----, as Surety, are held and firmly bound unto the United States of America in the sum of ----- Dollars (\$-----), to the payment of which we hereby jointly and severally bind ourselves, our heirs, executors, administrators, successors and assigns.

The condition of this obligation is such that whereas -----, Principal, under application dated ----- has applied for the issuance of a War Risk Open Cargo Policy by the Maritime Administrator acting for the Secretary of Commerce of the United States of America, and

Whereas, the Maritime Administrator has agreed to accept this bond as a guarantee of the payment of all premiums due and payable under the terms and conditions of the Open Cargo Policy when issued, or endorsements thereto or modifications thereof, whether or not consented to by the Surety.

Now, therefore, if the Principal shall well and truly pay unto the Maritime Administrator acting for the Secretary of Commerce of the United States of America the premiums due under the Policy at the times and in the manner provided therefor in the Policy, then this obligation is to be void; otherwise to remain in full force and effect;

This bond is executed by the Surety, upon the following conditions:

1. If the Principal shall fail to file with the Underwriting Agent of the Maritime Administrator on or before the 25th day of each month during which this bond is in effect, a certified closing report as required by the policy showing the values of all shipments covered under the policy during the preceding calendar month and concurrently therewith pay to the Underwriting Agent the premiums called for by the closing report, then the Underwriting Agent shall so notify the Surety as soon as practicable and, in such event, the Surety shall not be liable for any premiums accruing on risks attaching under the Policy subsequent to the date of such notice.

2. This bond may be terminated by either the Principal or the Surety at any time upon fifteen (15) days written or telegraphic notice to the Maritime Administrator, Washington 25, D. C., but such termination shall not affect the liability of the Principal or the Surety hereunder for premiums on risks attaching under the Policy on or prior to expiration of said fifteen (15) days period.

In witness whereof, the above-bounden parties have executed this instrument under their several seals this ---- day of -----, 19--, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

(Principal)
By: -----
Attest -----

(Surety)
By: -----
Attest -----

NOTE: The Maritime Administrator requires the signature by or on behalf of the Assured to appear on this bond.

§ 308.529 Surety Bond B, Form MA-309.

The following is the Standard Form of Surety Bond B to be used by an As-

sured who elects to substitute a surety bond for a collateral deposit fund:

Form MA-309 (7-54)

SURETY BOND B

WAR RISK OPEN CARGO POLICY NO. WROC ----

Know all men by these presents, That we ----- of -----, as Principal, and ----- of -----, as Surety, are held and firmly bound unto the United States of America in the sum of ----- Dollars (\$-----), to the payment of which we hereby jointly and severally bind ourselves, our heirs, executors, administrators, successors and assigns.

The condition of this obligation is such that whereas the Maritime Administrator has issued and delivered to -----, Principal, on the ---- day of -----, 19--, that certain War Risk Open Cargo Policy No. WROC ----, and

Whereas, the Maritime Administrator acting for the Secretary of Commerce of the United States of America has agreed to accept this bond as a guarantee of the payment of all premiums due and payable under the terms, and conditions of said Policy or endorsements thereto or modifications thereof whether or not consented to by the Surety.

Now, therefore, if the Principal shall well and truly pay unto the Maritime Administrator acting for the Secretary of Commerce of the United States of America the premiums due under the said Policy at the times and in the manner provided therefor in the Policy, then this obligation is to be void; otherwise to remain in full force and effect;

This bond is executed by the Surety, upon the following conditions:

1. If the Principal shall fail to file with the Underwriting Agent of the Maritime Administrator on or before the 25th day of each month during which this bond is in effect, a certified closing report as required by the policy showing the values of all shipments covered under the policy during the preceding calendar month and concurrently therewith pay to the Underwriting Agent the premiums called for by the closing report, then the Underwriting Agent shall so notify the Surety as soon as practicable; and, in such event the Surety shall not be liable for any premiums accruing on risks attaching under the Policy subsequent to date of such notice.

2. This bond may be terminated by either the Principal or the Surety at any time upon fifteen (15) days written or telegraphic notice to the Maritime Administrator, Washington 25, D. C., but such termination shall not affect the liability of the Principal and the Surety hereunder for premiums on risks attaching under the Policy on or prior to expiration of said fifteen (15) days period.

In witness whereof, the above-bounden parties have executed this instrument under their several seals this ---- day of -----, 19--, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

(Principal)
By: -----
Attest -----

(Surety)
By: -----
Attest -----

NOTE: The Maritime Administrator requires the signature by or on behalf of the Assured to appear on this bond.

§ 308.530 Letter requesting increase or decrease in amount of surety bond, Form MA-310.

The following is the Standard Form of Letter of Transmittal for use in trans-

mitting to the Underwriting Agent an endorsement increasing or decreasing the amount of the surety bond:

Form MA-310 (7-54)

Letter of Transmittal

INCREASE OR DECREASE OF SURETY BOND

To: Maritime Administrator,

% -----, Underwriting Agent.

Re: War Risk Open Cargo Policy No. WROC ----

Dear Sir:

(Increase)* (decrease) is desired in amount of Surety Bond of ----- Company dated the ---- day of -----, 19--, in accordance with the terms of the endorsement submitted herewith.

(Assured)

By: -----

(Title)

*Strike out inapplicable word.

§ 308.531 Endorsement of surety bond increasing or decreasing amount of coverage, Form MA-311.

The following is the Standard Form of Endorsement to be used in increasing or decreasing the amount of a surety bond:

Form MA-311 (7-54)

SURETY BOND

ENDORSEMENT NO. ----

War Risk Open Cargo Policy No. WROC ----

To be attached to and form a part of Surety Bond No. ---- of the ----- (Surety Company) in the amount of ----- Dollars, (\$-----).

In consideration of (increase*) (decrease) premium charged for the attached bond, it is understood and agreed as follows:

1. The amount of the attached bond is hereby (increased*) (decreased) from ----- Dollars (\$-----) to ----- Dollars (\$-----) as to such and so many of the premiums required to be paid under the Open Cargo Policy No. ----, issued by the Maritime Administrator, acting for the Secretary of Commerce of the United States of America, referred to in the attached bond, as accrued after the day, month, year of the receipt of this endorsement as acknowledged below by an Underwriting Agent for the Maritime Administrator acting for the Secretary of Commerce of the United States of America: Provided, That, regardless of the number of changes made in the amount of the attached bond, no amount carried under the attached bond during any period, whether the original amount or any subsequent amount, shall be cumulative with any amount or amounts carried under the attached bond during any other period or periods.

2. The attached bond shall be subject to all its terms, conditions and limitations except as herein expressly modified.

Signed, sealed and dated the ---- day of ----- 19--.

(Principal)
By: -----
Attest -----

(Surety)
By: -----
Attest -----

(Title)

By: -----

Receipt of this endorsement is hereby acknowledged subject to the rules and regulations of the Maritime Administrator, acting for the Secretary of Commerce of the United States of America, this ---- day of -----

*Strike out inapplicable word.

1. That on the ---- day of ----- 19--., the Assured first had knowledge that the amount of collateral deposited pursuant to the terms of said policy was exceeded by the amount of premium due thereunder; that the amount of collateral deposited pursuant to the terms of said policy on that date was \$-----; that at the date when the collateral became exceeded by the amount of unpaid premium the collateral was for an amount of \$-----, and the unpaid premium amounted to \$-----.

2. That under the following circumstances the Assured became aware for the first time that said collateral was insufficient (explain in detail the manner in which the collateral became exceeded): -----

3. That to the best of the Assured's information and belief the following shipments were made after the date when the collateral first became exceeded and the Assured honestly and in good faith intended said shipments to be covered under the War Risk Open Cargo Policy No. -----

4. This declaration is furnished by the Assured in order to comply with the provisions of Clause 21 of War Risk Open Cargo Policy and is made by the Undersigned and is furnished by the Assured with full knowledge that the Maritime Administrator will rely on the statements contained therein and is submitted for the purpose of inducing the Maritime Administrator to rely thereon.

Date: -----

NOTE: The United States Criminal Code makes it a criminal offense for any person knowingly to make a false statement or representation to, or to conceal a material fact from, any department or agency of the United States as to any matter within its jurisdiction (18 U. S. C. 1001), or to file a false, fictitious or fraudulent claim against the United States (18 U. S. C. 287).

§ 308.537 Effective date of endorsement.

Every endorsement to an Open Cargo Policy shall be made effective upon a future date to be specified in the endorsement. No endorsement may be made retroactive, unless specially authorized by the Maritime Administrator in writing. Each endorsement shall contain a provision in substantially the following form:

Effective date. This endorsement shall be effective on all shipments made on or after -----:

(a) Under ocean bills of lading dated on or after said date, or

(b) If ocean bills of lading are not issued, under equivalent shipping documents dated on or after said date, or

(c) If no ocean bills of lading or equivalent shipping documents are issued, or if such documents are undated, laden on overseas vessel on or after said date.

III—FACULTATIVE WAR RISK CARGO INSURANCE

§ 308.538 General.

The Maritime Administrator is prepared to provide facultative war risk insurance policies covering any cargoes described in § 308.501 which are designated by an applicant prior to the attachment of risks, if the applicant does not have an Open Cargo Policy issued by the Maritime Administrator, or if he has a shipment which is not covered by his Open Cargo Policy. However, a person with regular shipments is urged to avail himself of the advantages of the automatic coverage of an Open Cargo Policy. The

Maritime Administrator reserves the right to decline to quote rates or bind insurance on shipments of cargo that could be covered by an Open Cargo Policy unless the applicant can show to the satisfaction of the Maritime Administrator that the risk is not one of a series of similar risks forming part of a continual flow of business for the applicant. The policy will be in the standard form of War Risk Facultative Cargo Policy, Form MA-316, prescribed in § 308.545. All policies will be issued by Underwriting Agents appointed by the Maritime Administrator. All Underwriting Agents will be domestic insurance companies authorized to do a marine insurance business in a State of the United States.

§ 308.539 Application for a facultative cargo policy.

(a) *Preliminary request.* Application for a Facultative Cargo Policy shall be made by filing a preliminary request in writing (including telegram) with an Underwriting Agent of the Maritime Administration, setting forth the following information:

(1) The name and address of the applicant;

(2) The amount of insurance requested;

(3) The commodity and quantity to be insured;

(4) The voyage to be covered;

(5) The name of the vessel upon which the cargo will be shipped, if known, the name of the steamship line, if known, and the date of shipment, if the applicant is submitting the request to bind war risk in writing; for security reasons, if the applicant is submitting the order to bind war risk insurance by telegram, neither the name of the vessel nor the name of the steamship line nor the anticipated date of sailing, should be mentioned. Mentioning such information in a telegram may result in a denial of insurance to the applicant. Any envelope transmitting a letter containing such information should be marked "confidential."

(b) *Binder.* Before the insurance can be bound, the applicant must provide the Underwriting Agent with a properly prepared binder on Form MA-315 prescribed in § 308.544. The binder must be submitted in duplicate, accompanied by check or Money Order payable to the order of the Maritime Adm.—Commerce for the full amount of the premium computed on the amount to be insured at the rate set by the Maritime Administrator. Any application for facultative cargo war risk insurance received by an Underwriting Agent later than 4 p. m. (Local War Time) shall be considered the next day's business.

(c) *Optional loss limits clause.* Clause 9 of the standard form of facultative cargo policy, Form MA-316, prescribed in § 308.545, limits the amount payable for loss to (1) the fair market value at the place and approximate time of the attachment of risk, plus the cost of marine insurance, transportation and expenses incident thereto, and war risk insurance with respect to the lost or damaged goods, or (2) if it is impossible to determine the fair market value at

place and time of attachment of risk, the fair market value at the designated port of arrival on the date of the attachment of the risk, plus the cost of marine insurance, transportation and expenses incident thereto, and war risk insurance with respect to the lost or damaged goods, or (3) if the goods had been purchased prior to loading, the actual amount paid or payable to the seller for the goods less all discounts, plus the cost of marine insurance, transportation and expenses incident thereto, and war risk insurance with respect to the lost or damaged goods. In lieu of these loss limits, the Assured by so specifying in his application, and the binder may have attached to the policy when issued Standard Optional Endorsement No. 1-A, Form 316, prescribed in § 308.546, which limits the amount payable for loss to the actual bona fide pecuniary loss to the Assured, exclusive of any allowance for anticipated or accrued profits arising out of the insured venture.

§ 308.540 Premiums.

(a) *Rates.* Rate Schedules for war risk facultative cargo insurance will be published by the Maritime Administrator from time to time, and may be obtained from an Underwriting Agent. All Rate Schedules are subject to change by the Maritime Administrator without notice. If no rate is published for a voyage on which war risk facultative cargo insurance is available, the Maritime Administrator will name a rate through an Underwriting Agent upon application. Whenever an applicant for war risk facultative cargo insurance receives a definite rate quotation and desires to bind insurance at the quoted rate, an order to bind the insurance in accordance with the procedure set forth in this subpart should be submitted within two business days following the day of quotation accompanied by check or Money Order payable to the order of "Maritime Adm.—Commerce" for the full amount of the premium thereon computed on the amount to be insured at the rate set by the Maritime Administrator, or the quotation will expire. Each cargo war risk insurance policy provided by the Maritime Administrator will be subject to a minimum premium of \$-----.

(b) *Return premium.* Where goods are short-shipped the amount of insurance may be reduced by an amount computed by applying to the original amount of insurance the proportion which the quantity of merchandise short-shipped (i.e., bales, barrels, tons, and other designations of quantity) bears to the total quantity of merchandise originally declared for insurance. Where more than one class of merchandise is insured under one policy (e. g., fuel, oil and gasoline) the reduced amount of insurance must be computed separately on each item. Where the amount of insurance is reduced, the Maritime Administrator will give consideration to requests for proportionate returns of premium. An application for the return of a premium must be submitted to the Underwriting Agent in quadruplicate on Form MA-317, prescribed in § 308.547.

§ 308.541 Issuance of a facultative policy.

(a) *Binder.* The Underwriting Agent is authorized to issue a facultative policy in Form MA-316, prescribed in § 308.545, when there has been presented to him a properly prepared binder on Form MA-315, prescribed in § 308.544, together with the payment of the premium as required, and such policy shall be issued as soon as possible after the binder form has been presented to the Underwriting Agent. Prior to the issuance of the policy, the Underwriting Agent is authorized to accept the risk on behalf of the Maritime Administrator by signing the binder. The Maritime Administrator will provide each Underwriting Agent with a supply of facultative policies which shall not be valid until countersigned by the Underwriting Agent. The Underwriting Agent shall keep a permanent record of all such policies and the Assured to whom the policy is issued.

(b) *Numbering.* Each Facultative Cargo Policy supplied to the Underwriting Agent by the Maritime Administrator shall be numbered by the Maritime Administration before it is supplied to the Underwriting Agent. No two numbers shall be the same. The Underwriting Agent when issuing the policy shall add at the end of the Policy number the agency number assigned to that Underwriting Agent, and where policies are issued by more than one office of an Underwriting Agent the issuing office shall also be identified in the policy number. For example, the policies issued by an office in New York will be designated "NY" and policies issued in San Francisco will be designated by "SF" prefixed to the Underwriting Agent's agency number.

§ 308.542 Warranty re thirty-day shipments.

If, after an effective binding of war risk insurance on a shipment of cargo, the assured believes that it will be impossible to comply with the warranty requiring the goods to be shipped and in transit within thirty days from the effective date of binding, such an assured may apply to the Maritime Administrator, through the Underwriting Agent, to modify the warranty. If the Maritime Administrator is satisfied that an extension of time within which the goods are warranted to be shipped and in transit should be granted, he will do so, but additional premium may be charged in the discretion of the Maritime Administrator.

§ 308.543 Cancellation.

Facultative war risk insurance is not subject to cancellation by the Assured unless the goods are not shipped within thirty days following the effective date of binding, and then only if the policy is returned for cancellation.

§ 308.544 Facultative binder, Form MA-315.

The following is the standard form of War Risk Facultative Cargo Binder, which must be filled in by the applicant and submitted, in duplicate, to an Un-

derwriting Agent before the insurance can be bound:

Form MA-315 (7-54)

UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE

MARITIME ADMINISTRATION

WAR RISK FACULTATIVE CARGO BINDER NO.

WRFC ----

Amount Insured ----- Date -----

Rate ----- %.

Premium \$ -----

In consideration of a premium as above, the United States of America, represented by the Maritime Administrator, acting for the Secretary of Commerce, insures, in accordance with applicable provisions of law, and the terms and provisions of the standard form of War Risk Facultative Cargo Policy, Form MA-316, prescribed in section 308.545 of Maritime Administration General Order 75, published in the FEDERAL REGISTER on -----, 19--, (--- F.R. ---):

(Assured)

Upon lawful goods or merchandise consisting of ----- which come within one or more of the following categories, as required by section 1203 (b) of the Merchant Marine Act, 1936, as amended, Public Law 763--81st Congress (herein called the "Act"):

(a) Shipped or to be shipped on any American vessel as defined in section 1201 (a) of the Act;

(b) Shipped or to be shipped on any foreign flag vessel owned by citizens of the United States;

(c) Owned by citizens or residents of the United States, its Territories or possessions;

(d) Imported to, or exported from the United States, its Territories or possessions, under contracts of sale or purchase by the terms of which the risk of loss by war risks or the obligation to provide insurance against such risks is assumed by or falls upon a citizen or resident of the United States, its Territories or possessions;

(e) Sold or purchased by citizens or residents of the United States, its Territories or possessions, under contracts of sale or purchase by the terms of which the risk of loss by war risks or the obligation to provide insurance against such risks is assumed by or falls upon a citizen or resident of the United States, its Territories or possessions;

(f) Shipped between ports in the United States, or between ports in the United States and its Territories or possessions, or between ports in such Territories or possessions; and

(g) Shipped or to be shipped on any foreign flag vessels, whether or not owned by citizens of the United States, if such vessels are engaged in transportation of water-borne commerce of the United States or in such other transportation by water or such other services as may be deemed by the Maritime Administrator to be in the interest of the National defense or the national economy of the United States, when so engaged;

In the sum of ----- Dollars. Per the vessel called the -----

(If vessel not known, specify

----- Voyage from ----- if steamship line, if known)

----- port of ----- to port of ----- Warranted goods shipped and in transit on or before thirty (30) days from effective date of the binding of this risk.

Standard Optional Endorsement No. 1-A (is) (is not) desired.

Any loss payable hereunder shall be payable in funds current in the United States to the order of the Assured upon surrender of this Binder and Policy (if issued) thirty (30) days after full proofs of loss and proofs of interest have been filed with the Underwriting Agent of the Maritime Administra-

tor, acting for the Secretary of Commerce, by whom this binder was issued.

It is (known) (anticipated) that the goods described herein (have been) (will be) shipped from ----- on -----

(For Marks, Numbers, other Identification and Special Conditions.)

(Assured)

By: -----

Receipt of \$ ----- covering insurance premium under above binder is hereby acknowledged:

Accepted on behalf of the Maritime Administrator, acting for the Secretary of Commerce of the United States of America.

(Underwriting Agent)

By: -----

Underwriting Agent's Agency Number -----

The Underwriting Agent does not, by signing this binder or in any other manner, warrant its own authority, or the authority of the Maritime Administrator, acting for the Secretary of Commerce, to issue this binder, but acts solely under the power conveyed to the Underwriting Agent by an agreement made with the Maritime Administrator, acting for the Secretary of Commerce.

NOTE: Binder forms must be printed, typewritten, or mimeographed and submitted in duplicate to the Underwriting Agent, who will retain one copy.

§ 308.545 Facultative cargo policy, Form MA-316.

The following is the standard form of War Risk Facultative Cargo Policy:

Form MA-316 (Revised 5-61)

UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE

MARITIME ADMINISTRATION

WAR RISK FACULTATIVE CARGO POLICY NO.

WRFC ----

Amount insured \$ ----- Date -----

Rate ----- %.

Premium \$ -----

CLAUSE 1. *Assured.* The United States of America, represented by the Maritime Administrator, acting for the Secretary of Commerce (herein called the "Underwriter"), in consideration of the premiums as shown above, and in accordance with applicable provisions of law and subject to all limitations thereof, particularly title XII, Merchant Marine Act, 1936, as amended (herein called the "Act"), hereby insures ----- (herein called the "Assured") against WAR RISKS ONLY, in accordance with the terms and conditions hereinafter set forth. This policy is issued on behalf of the Underwriter by ----- (herein called the "Underwriting Agent").

CLAUSE 2. *Loss payable.* Loss, if any, payable, in funds current in the United States of America, to the order of the Assured upon surrender of this Policy, thirty days after satisfactory proofs of loss and proofs of interest have been filed with the Underwriting Agent.

CLAUSE 3. *Goods insured.* To attach, as provided in Clauses 5 and 13, upon lawful goods or merchandise consisting of ----- which come within one or more of the following categories, as required by section 1203 (b) of the Act:

(a) Shipped or to be shipped on any American vessel, as defined in section 1201 (a) of the Act;

(b) Shipped or to be shipped on any foreign flag vessel owned by citizens of the United States;

(c) Owned by citizens or residents of the United States, its Territories or possessions;

(d) Imported to, or exported from, the United States, its Territories or possessions, under contracts of sale or purchase by the

terms of which the risk of loss by war risks or the obligation to provide insurance against such risks is assumed by or falls upon a citizen or resident of the United States, its Territories or possessions;

(e) Sold or purchased by citizens or residents of the United States, its Territories or possessions, under contracts of sale or purchase by the terms of which the risk of loss by war risks or the obligation to provide insurance against such risks is assumed by or falls upon a citizen or resident of the United States, its Territories or possessions;

(f) Shipped between ports in the United States, or between ports in the United States and its Territories or possessions, or between ports in such Territories or possessions; and

(g) Shipped or to be shipped on any foreign flag vessels, whether or not owned by citizens of the United States, if such vessels are engaged in transportation of waterborne commerce of the United States or in such other transportation by water or such other services as may be deemed by the Maritime Administrator to be in the interest of the national defense or the national economy of the United States, when so engaged.

CLAUSE 4. Insurable interest. To cover shipments:

(a) *By assured.* Shipped or consigned to, or by, the Assured for his account and risk;

(b) *By others for Assured.* Shipped or consigned to, or by, other persons for the account and at the risk of the Assured;

(c) *Sold prior to loading.* Shipped to, by, or at the direction of the Assured and sold by him prior to loading on board the overseas vessel (1) on terms requiring the Assured to provide war risk insurance to the port of discharge, or (2) with respect to which written or cabled instructions to provide war risk insurance to the port of discharge have been received by the Assured from the purchaser prior to loading of the goods on board the overseas vessel;

(d) *Sold after attachment of risk.* Shipped to, by, or at the direction of the Assured and sold by the Assured subsequent to the attachment of risk hereunder on terms requiring the Assured to provide war risk insurance to the port of discharge, subject to the condition that in the event of loss the amount collectible shall not exceed the amount which would have been collectible by the Assured if the Assured at the time of loss had retained full interest in the insured goods.

CLAUSE 5. Attachment. To attach, as provided in Clause 13, on shipments made on or before -----, and warranted that goods will be shipped and in transit on or before said date. Warranted that the goods insured hereunder have not become waterborne on overseas vessel prior to the date of this insurance, or if waterborne are in good safety in port at day and hour of attachment of risk. Any shipment of cargo excluded from coverage by application of this warranty will automatically attach hereunder as of the time of the arrival of the vessel and interest insured at the next intermediate port in good safety.

CLAUSE 6. Conveyance. By overseas vessels and connecting conveyances.

CLAUSE 7. Voyage covered. At and from ----- to -----

CLAUSE 8. Valuation. Goods insured hereunder shall be valued at -----

CLAUSE 9. Limits on amount payable for loss—(a) Fair market value at commencement of risk. In the event of loss, the Assured shall file a declaration (under the penalties of perjury) stating that the amount claimed does not exceed the fair market value of the lost or damaged goods at the place and approximate time of the attachment of risk, plus the cost of marine insurance, transportation and expenses incidental thereto, and war risk insurance with respect to the lost or damaged goods.

(b) *Fair market value at port of arrival.* If it is impossible to determine the fair market value at the place and approximate time of the attachment of risk, as provided in paragraph (a) of this clause, the Assured shall file a declaration (under the penalties of perjury) stating that the amount claimed does not exceed the fair market value at the designated port of arrival on the date of the attachment of risk, plus the costs of marine insurance, transportation and expenses incidental thereto, and war risk insurance with respect to the lost or damaged goods.

(c) *Purchase price less discount.* If the lost or damaged goods were purchased by the named Assured prior to loading on board the overseas vessel, the Assured shall file a declaration (under the penalties of perjury), in lieu of the declarations provided for in paragraphs (a) and (b) of this clause, stating that the amount claimed does not exceed the actual amount paid or payable to the seller for the goods less all discounts, and plus the costs of marine insurance, transportation and expenses incidental thereto, and war risk insurance with respect to the lost or damaged goods. If the lost or damaged goods were purchased by a principal for whom the Assured is Agent, the declaration provided for in this paragraph shall be signed by both the agent and the principal.

(d) *Sales price less discounts.* If the lost or damaged goods were shipped by, to, or at the direction of the Assured and were sold by the Assured prior to loading on board the overseas vessel (1) on terms requiring the Assured to provide war risk insurance to the port of discharge, or (2) with respect to which written or cabled instructions to provide war risk insurance to the port of discharge have been received by the Assured from the purchaser prior to loading of the goods on board the overseas vessel, and which were shipped for the account and at the risk of third persons other than a branch, subsidiary or affiliate of the Assured, the named Assured shall file a declaration (under the penalties of perjury) in lieu of the declaration required by paragraphs (a), (b) or (c) of this clause, stating that the amount claimed does not exceed the actual bona fide sales price less all discounts, plus the costs of marine insurance, transportation and expenses incidental thereto, and war risk insurance with respect to the lost or damaged goods if such items are not included in the sales price. The claim shall be filed by the named Assured unless otherwise permitted in writing by the Maritime Administrator for good cause shown.

(e) *Criminal Code.* The declaration required to be filed pursuant to this clause shall be subject to the United States Criminal Code which makes it a criminal offense for any person knowingly to make a false statement or representation to, or to conceal a material fact from, any department or agency of the United States as to any matter within its jurisdiction (18 U. S. C. 1001), or to file a false, fictitious or fraudulent claim against the United States (18 U. S. C. 287).

AMERICAN INSTITUTE WAR CLAUSES

CLAUSE 10. War risks only. This insurance is only against the risks of capture, seizure, destruction or damage by men-of-war, piracy, takings at sea, arrests, restraints, detentions and other warlike operations and acts of kings, princes and peoples in prosecution of hostilities or in the application of sanctions under international agreements, whether before or after declaration of war and whether by a belligerent or otherwise, including factions engaged in civil war, revolution, rebellion or insurrection, or civil strife arising therefrom; and including the risks of aerial bombardment, floating or stationary mines and stray or derelict torpe-

does, and weapons of war employing atomic or nuclear fission and/or fusion or other reaction or radioactive force or matter; but excluding claims for delay, deterioration and/or loss of market, and warranted not to abandon (on any ground other than physical damage to ship or cargo) until after condemnation of the property insured.

CLAUSE 11. Arrests, restraints. Warranted free from any claim based upon loss of, or frustration of, the insured voyage or adventure caused by arrests, restraints or detentions.

CLAUSE 12. Commandeering. This insurance does not cover any loss or damage caused by or resulting from any of the following causes:

(a) Commandeering, preemption, requisition or nationalization by government (de facto or otherwise) of the country to or from which the goods are insured.

(b) Seizure or destruction under quarantine or customs regulations.

CLAUSE 13. Period covered. (a) The insurance against the risks enumerated in Clause 10, except the risks of floating or stationary mines and stray or derelict torpedoes, floating or submerged, referred to in Clause 13 (b) below, shall not attach to the interest hereby insured or to any part thereof—

(1) Prior to being on board an overseas Vessel (for the purpose of this Clause 13 an overseas Vessel shall be deemed to mean a Vessel carrying the interest from one port or place to another where such voyage involves a sea passage by that Vessel);

(2) After being discharged overside from an overseas vessel at the final port of discharge,

or

after the expiry of fifteen (15) days counting from midnight of the day of arrival of the overseas vessel at the final port of discharge whichever shall first occur;

(3) After expiry of fifteen (15) days from midnight of the day of arrival of the overseas vessel at an intermediate port or place to discharge the interest for on-carriage from that or any other port or place by another overseas vessel, but shall re-attach as the interest is loaded on the on-carriage overseas vessel. During the said period of fifteen (15) days the insurance remains in force whether the interest is awaiting transit or in transit between the overseas vessels.

(b) The insurance against the risks of floating or stationary mines and stray or derelict torpedoes, floating or submerged, attaches as the interest hereby insured is first loaded on lighter, craft or vessel after leaving the warehouse at point of shipment in transit for the destination declared hereunder, and ceases to attach as the interest is finally landed from the vessel, craft or lighter prior to delivery to warehouse at such destination.

If the contract of affreightment is terminated at a port or place other than the destination named therein such port or place shall be deemed the final port of discharge for the purpose of this Clause.

It is a condition of this insurance that the Assured shall act with reasonable dispatch in all circumstances within their control.

If anything contained in this policy shall be inconsistent with this Clause 13 it shall to the extent of such inconsistency be null and void.

CLAUSE 14. Deviation. This insurance shall not be vitiated by deviation, over-carriage, change of voyage, or by any error or unintentional omission in the description of interest, vessel or voyage, provided the same be communicated to the Underwriting Agent as soon as known to the Assured and an additional premium paid if required.

CLAUSE 15. Sue and labor. In case of any loss or misfortune, it shall be lawful and necessary to and for the Assured, his or their

factors, servants and assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the said goods and merchandise, or any part thereof, without prejudice to this insurance; nor shall the acts of the Assured or the Underwriter, in recovering, saving and preserving the property insured, in case of disaster, be considered a waiver or an acceptance of abandonment; and to the charges whereof, the Underwriter will contribute according to the rate and quantity of the sum hereby insured.

CLAUSE 16. General average. General Average and Salvage Charges payable according to United States laws and usage and/or as per Foreign Statement and/or as per York-Antwerp Rules (as prescribed in whole or in part) if in accordance with the Contract of Affreightment.

CLAUSE 17. Collision. No claim shall be payable hereunder which arises from collision, contact with any fixed or floating object (other than a mine or torpedo), stranding, heavy weather or fire unless caused directly (and independently of the nature of the voyage or service which the vessel concerned or, in the case of a collision, any other vessel involved therein, is performing) by a hostile act by or against a belligerent power; and for the purpose of this paragraph "power" includes any authority maintaining naval, military or air forces in association with a power.

SPECIAL CLAUSES

CLAUSE 18. Transit interrupted. If the ordinary course of transit of the goods hereby insured is interrupted or terminated by the shipper, consignees, or Assured or any party acting on their behalf, this insurance shall forthwith terminate unless otherwise specially agreed by the Maritime Administrator.

CLAUSE 19. Unintentional error. This insurance shall not be invalidated by any error, or omission which is demonstrated to the satisfaction of the Maritime Administrator to have been inadvertent or unintentional. The Maritime Administrator or his representative duly authorized in writing, may waive strict compliance with any warranty or condition of this insurance to the extent that he may determine that it imposes a hardship on any claimant in good faith hereunder which would not be imposed in connection with a policy issued in accordance with commercial practice in the marine insurance business, and to the extent that he may determine that such waiver is not contrary to the provisions of title XII of the Merchant Marine Act, 1936, as amended, under which the Policy is issued. In any determination as aforesaid the decision of the Maritime Administrator, or his duly authorized representative, shall be conclusive upon all parties thereto.

CLAUSE 20. Goods excluded. This policy does not cover shipments of specie, currency, securities, valuable documents, jewelry, precious stones, gold and silver and other precious metals, nor any articles transported by means of ordinary mail or air-mail or registered mail or parcel post.

CLAUSE 21. Return premium. No premium will in any case be returned to the Assured except in the event of an error made in the application of a rate or in the computation of a premium, or except in the event the insured goods are not shipped or are short-shipped; notwithstanding the foregoing, whenever goods have been over-insured by reason of an error or otherwise, and such fact is discovered and the material facts and circumstances are presented immediately after discovery of the over-insurance and prior to the time when the overseas vessel reaches the destination port in safety, to the Underwriting Agent, then the Maritime Administrator will give consideration to an

application for a return premium and if in his sole discretion the Maritime Administrator is satisfied that the Assured acted in good faith and that the instance is one in which in commercial practice a return premium would be made the Maritime Administrator will grant the appropriate return premium.

CLAUSE 22. Partial loss. In case of partial loss by perils insured against, the proportion of loss shall be determined by a separation of the damaged portion of the insured property from the sound and by an agreed estimate (by survey) of the percentage of damage of such portion: or if such agreement is not practicable, then by public sale of such damaged portion for the account of the owner of the property, and by comparison of the amount so realized with the applicable valuation limit provided in Clause 9.

CLAUSE 23. Labels clause. In case of damage affecting labels, capsules or wrappers, the Underwriter, if liable therefor under the terms of this policy, shall not be liable for more than an amount sufficient to pay the cost of new labels, capsules or wrappers, and the cost of reconditioning the goods, but in no event shall the Underwriter be liable for more than the insured value of the damaged merchandise.

CLAUSE 24. Carrier clause. Warranted that this insurance shall not inure, directly or indirectly, to the benefit of any carrier or bailee.

CLAUSE 25. Notice of loss. In the event of loss which may give rise to a claim under the policy, prompt notice must be given to the Underwriting Agent.

CLAUSE 26. Rules and regulations. This policy is subject to all rules and regulations pertaining hereto which may now or hereafter from time to time be published in the FEDERAL REGISTER.

CLAUSE 27. Cancellation. This policy may not be cancelled by the Assured unless the goods are not shipped within thirty (30) days following the effective date of binding and then only if the policy is returned to the Underwriting Agent for cancellation.

CLAUSE 28. Amendments. This policy may be amended by the binder or by endorsement attached hereto and executed on behalf of the United States of America, represented by the Maritime Administrator, acting for the Secretary of Commerce, by a duly authorized Underwriting Agent pursuant to prior written or telegraphic instructions from the Maritime Administrator.

In witness whereof, the Maritime Administrator, acting for the Secretary of Commerce, has signed this policy, but this policy shall not be valid unless countersigned by an authorized Underwriting Agent.

UNITED STATES OF AMERICA,
By: MARITIME ADMINISTRATOR,
Acting for the Secretary of
Commerce.

(Maritime Administrator)

The Underwriting Agent does not, by countersigning and issuing this Policy or in any other manner, warrant its own authority, or the authority of the Maritime Administrator, acting for the Secretary of Commerce, to issue this Policy, but acts solely under the power conveyed to the Underwriting Agent by an Agreement made with the Maritime Administrator, acting for the Secretary of Commerce.

Countersigned this ---- day of -----
19---- Address for
(Underwriting agent)

Underwriting Agent for receiving notices of loss.

By: -----

Original and duplicate issued—one of which being accomplished, the other to stand null and void.

§ 308.546 Standard optional endorsement No. 1-A, Form MA-316-A.

Standard Optional Endorsement No. 1-A limits the amount payable for the loss of goods to the actual bona fide pecuniary loss to the Assured, exclusive of any allowance for anticipated or accrued profit arising out of the insured venture. (Similar provisions for Open Cargo Policies are contained in Standard Optional Endorsement No. 1, Form MA-300-A, prescribed in § 308.518.) Application for Standard Optional Endorsement No. 1-A must be made to the Underwriting Agent at the time application is made for the policy. The Underwriting Agent is authorized to issue the endorsement without prior approval of the Maritime Administrator. The following is the Standard Form of Optional Endorsement No. 1-A:

Form MA-316-A (7-54)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

STANDARD OPTIONAL ENDORSEMENT NO. 1-A

This endorsement is attached to and made a part of War Risk Facultative Cargo Policy No. WRFC ----, issued to ----. The terms and conditions as set forth below shall supersede and nullify the clauses of the policy insofar as such clauses are inconsistent with the clauses set forth below:

CLAUSE A. Limits on amount payable for loss. Clause 9 of the Facultative Cargo Policy is hereby deleted and the following substituted therefor:

CLAUSE 9. Limits on amount payable for loss—(a) Actual pecuniary loss. In the event of loss, the Assured shall file a declaration (under the penalties of perjury) stating that the amount claimed does not exceed the actual bona fide pecuniary loss to the Assured, exclusive of any allowance for anticipated or accrued profit arising out of the insured venture. If claim is filed by the Assured named herein on behalf of any other person at interest, the declaration shall include a statement that the amount collectible does not exceed the amount which would have been collectible by the Assured named herein if at the time of the loss the Assured named herein had full interest in the insured goods. If this policy is issued to an agent for account of a principal named herein, both the agent and the named principal shall be required to sign the declaration.

(b) Sales price less discount. In the event of the loss of goods shipped by, to, or at the direction of the Assured and which were sold by the Assured prior to loading on board the overseas vessel (1) on terms requiring the Assured to provide war risk insurance to the port of discharge, or (2) with respect to which written or cabled instructions to provide war risk insurance to the port of discharge have been received by the Assured from the purchaser prior to loading of the goods on board the overseas vessel, and which were shipped for the account and at the risk of third persons other than a branch, subsidiary or affiliate of the Assured, the named Assured shall file a declaration (under the penalties of perjury), in lieu of the declaration, required by paragraph (a) of this Clause, stating that the amount claimed does not exceed the actual bona fide sales price less all discounts, plus the costs of marine insurance, transportation and expenses incidental thereto, and war risk insurance with respect to the lost goods if such items are not included in the sales price. The claim shall be filed by the named Assured unless

otherwise permitted in writing by the Maritime Administrator for good cause shown.

(c) *Criminal code.* The declarations required to be filed pursuant to this Clause shall be subject to the United States Criminal Code which makes it a criminal offense for any person knowingly to make a false statement or representation to, or to conceal a material fact from, any department or agency of the United States as to any matter within its jurisdiction (18 U. S. C. 1001), or to file a false, fictitious or fraudulent claim against the United States (18 U. S. C. 287).

§ 308.547 Application for return premium, Form MA-317.

An application for the return of premium must be filed in duplicate with the Underwriting Agent in the following form:

Form MA-317 (7-54)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

APPLICATION FOR RETURN PREMIUM FACULTATIVE CARGO POLICY

Do not fill out this space

Premium paid -----
Checked by Underwriting
Agency -----
Checked by Clearing Organiza-
tion -----
Approved by: -----

Maritime Administrator, Acting
for the Secretary of Commerce
of the United States of America

Assured ----- Policy Number -----
Address -----
Underwriting Agent -----
Date of Payment -----
Nature of cargo -----
Date Insurance Bound -----

INSURANCE DECLARED

Quantity (tons, barrels, bales, etc.)	Amount of insur- ance	Rate	Premium
Total -----	-----	-----	-----

INSURANCE AT RISK

Total -----	-----	-----	-----
-------------	-------	-------	-------

Return Premium -----

Remarks: -----
Application is hereby made for return
premium as set forth above.

Date: -----

By: -----
(Assured)

(Title)

Certificate

(Name of person certifying)
certifies under penalties of perjury that:
(He) (She) is an officer, to wit: -----
(Title)
of the -----, insured
(Name of Corporation or Company)
under Facultative Cargo Policy No. -----
or *

(He) (She) is the Assured named in
Facultative Cargo Policy No. ----- and is
familiar with all matters pertaining thereto;
and that the information set forth in said
application is in all respects true and correct
and is made to induce the Maritime Admin-
istrator to return part or all of the premiums
heretofore paid by said Assured to said Mari-
time Administrator for Facultative Cargo

War Risk Insurance. The application is
made with full knowledge that the Maritime
Administrator will rely on the information
set forth therein.

NOTE: The United States Criminal Code
makes it a criminal offense for any person
knowingly to make a false statement or
representation to, or to conceal a material
fact from, any department or agency of the
United States as to any matter within its
jurisdiction (18 U. S. C. 1001), or to file a
false, fictitious or fraudulent claim against
the United States (18 U. S. C. 287).

Policy hereby endorsed in accordance with
foregoing and voucher cleared by Maritime
Administration.

Date: -----

Maritime Administrator,
Acting for the Secretary
of Commerce.

By: -----

(Underwriting Agent)

By: -----

*Strike out inapplicable part.

IV—GENERAL

§ 308.548 Standard form of underwriting agency agreement for cargo; Form MA-318.

The following is the standard form of
underwriting agency agreement appli-
cable with respect to agreements made
after June 7, 1961, which will be executed
by the Maritime Administrator and do-
mestic insurance companies authorized
to do a marine insurance business in any
State of the United States, appointing
such companies as Underwriting Agents
to issue war risk cargo policies in ac-
cordance with the provision of the
agreement and this subpart:

Form MA-318 (Revised 5-61)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

UNDERWRITING AGENCY AGREEMENT FOR CARGO

This Agreement, made and entered into
this ----- day of -----, 19--, by and
between the United States of America (here-
in called the "United States"), acting by the
Secretary of Commerce (herein called the
"Secretary"), represented by the Maritime
Administrator (herein called the "Adminis-
trator"), and ----- a corporation
organized and existing under the laws of
----- and duly authorized to do a
marine insurance business in a State of the
United States, having an office for the trans-
action of business at ----- (herein called
the "Underwriting Agent").

Witnesseth:

Whereas, pursuant to title XII of the Mer-
chant Marine Act, 1936, as amended (herein
called the "Act"), the Secretary is author-
ized under certain circumstances to provide
marine insurance and reinsurance against
loss or damage by the risks of war, and to
employ domestic companies or groups of
domestic companies authorized to do a ma-
rine insurance business in any State of the
United States to act as his Underwriting
Agent; and

Whereas, the Secretary has delegated au-
thority to the Administrator to perform the
functions vested in the Secretary by title XII
of the Act (Section 8.01, subsection 3, of
Department Order No. 117 (Revised), pub-
lished in the FEDERAL REGISTER July 21, 1960,
25 F.R. 6934); and

Whereas, the Administrator has deter-
mined to employ the Underwriting Agent as
an underwriting agent in providing war risk
cargo insurance as set forth in section 1203

(b) of the Act upon the terms and condi-
tions herein set forth:

Now, therefore, in consideration of the
premises and of the mutual covenants and
agreements, and upon the terms and condi-
tions herein set forth, the parties hereto
agree as follows:

1. *Appointment of agent.* The Adminis-
trator hereby authorizes the Underwriting
Agent, as an agent acting on behalf of the
Administrator and not as an independent
contractor, to utilize its offices and facilities
to make available the insurance which the
Secretary is authorized to provide pursuant
to Section 1203 (b) of the Act and to per-
form the functions hereinafter provided for,
upon the terms and conditions hereinafter
set forth and in accordance with the rules,
regulations and instructions which will be
issued from time to time to the Underwriting
Agent by the Administrator directly or
through any clearing agency appointed by
the Administrator. The Underwriting Agent
hereby agrees to utilize its offices and facili-
ties to make such insurance available, as
agent for the Administrator, and to perform
the functions hereinafter provided for to the
best of its ability. The Underwriting Agent
may act through its home office, branch of-
fices or agencies which are authorized to
write insurance on its behalf.

2. *Duties of agent.* The duties of the
Underwriting Agent shall be as follows:

(a) *Receive applications and issue binders
and policies.* The Underwriting Agent shall
receive applications for insurance, covering
the class or classes of property and subject
to the rates and conditions specified by the
Administrator upon forms prescribed by the
Administrator. After determining that the
applications have been submitted in com-
plete and proper form and are accompanied
by remittances in the amount of the
premiums required for the insurance applied
for, the Underwriting Agent shall counter-
sign binders or policies of insurance, or both
binders and policies of insurance, subject to
the rules, rates, terms and conditions spec-
ified by the Administrator on forms prescribed
by the Administrator. The insurer under
such policies shall be the United States.

(b) *Keep records.* The Underwriting
Agent shall keep a full and complete record
of all applications, binders, and policies, and
shall also record all premiums, charges, col-
lateral deposit funds and surety bonds re-
quired by the terms of the binders and
policies, so that a record may be available
at all times to the Administrator, both as
to all applications received and all binders
and policies issued, and as to all collateral
deposit funds or surety bonds provided by
the assured in connection with such binders
and policies.

(c) *Receive money and reports.* The Un-
derwriting Agent shall accept monthly
Closing Reports from each open cargo policy-
holder for transmission to the Administrator
or to a clearing agency if one is designated
by the Administrator. The Underwriting
Agent shall also receive checks drawn to the
order of "Maritime Adm.—Commerce" for the
premiums and charges involved, which
checks shall be deposited by the Underwriting
Agent in the Federal Reserve Bank near-
est to its office, or in such other bank as may
be authorized by the Administrator to re-
ceive such deposits. The Underwriting Agent
shall receive from the bank in which the de-
posits are made receipts therefor in such
number as may be prescribed in instructions
to the Underwriting Agent and handle the
receipts so received in accordance with such
instructions.

(d) *Report monthly.* The Underwriting
Agent shall prepare a monthly report, in
summary form, of all Closing Reports and
binders and policies issued on standard forms
to be approved by the Administrator and
transmit them, together with supporting
Closing Reports received from Open Cargo
policyholders and receipts for deposits made

as above provided, to the Administrator or to a clearing agency if one is designated by the Administrator.

(e) *Other reports.* The Underwriting Agent shall prepare and transmit such other reports as may be required by the Administrator.

(f) *Process claims for return premiums.* The Underwriting Agent shall receive from holders of policies issued by such Underwriting Agent any claims for return premiums on a standard form prescribed by the Administrator and shall certify thereon, if such is the fact, that the amounts with respect to which such return is claimed were previously paid and were included in closing reports submitted to the Administrator and that based upon the statements included in such application by the assured the return premium applied for is payable in accordance with the regulations of the Administrator. Such applications and certifications shall be transmitted promptly to the Administrator or to a clearing agency if one is designated by the Administrator.

(g) *Process claims for losses.* The Underwriting Agent shall receive reports of losses, prepare adjustments and vouchers, and other data, required by the Administrator, and submit the same with its recommendation as to whether claims are in order for settlement to the Administrator or to a clearing agency if one is designated by the Administrator.

(h) *Help establish advisory committee.* The Underwriting Agent shall, if requested by the Administrator, cooperate with the Administrator and other Underwriting Agents acting in a similar capacity to establish and maintain an advisory underwriting committee to consult with and advise the Administrator in connection with specific underwriting problems, subject to the rules, regulations and instructions of the Administrator, and to establish and maintain such other advisory committees as may be deemed necessary from time to time to safeguard the interests of the Administrator including a loss committee to act as a recipient for information concerning losses and to pass upon any recommendations made by the Underwriting Agent as to losses and payments of claims arising therefrom.

(i) *Cooperate with clearing agency.* The Underwriting Agent shall if requested by the Administrator cooperate with any clearing agency designated by the Administrator to act on behalf of the Administrator in coordinating and facilitating the issuance of insurance pursuant to Section 1203 (b) of the Act in accordance with terms and conditions agreed upon between the clearing agency and the Administrator and in accordance with the rules, regulations and instructions issued by the Administrator to the clearing agency.

3. *Compensation.* Subject to paragraph 9 of this Agreement:

(a) *Fair and reasonable.* The Underwriting Agent shall receive for its services such amount as the Administrator and the Underwriting Agent may, from time to time, agree to be fair and reasonable compensation. In addition to such fair and reasonable compensation, the Underwriting Agent shall receive reimbursement for out-of-pocket expenditures reasonably incurred, meaning payments to persons not regularly employed by the Underwriting Agent but excluding payments to attorneys unless such employment has been authorized by the Administrator, provided, however, that all such expenditures shall be subject to the review of the Administrator, and further provided that, except as authorized by Section 1209 (d) of the Act, such expenditures shall not include any fee or other consideration paid to an insurance broker or any person acting in a similar intermediary capacity for services by virtue of his participation in arranging any of such insurance nor include any payment on account of solicitation for or stimulation of such insurance.

(b) *Paid monthly.* A statement of the compensation due to the Underwriting Agent (including reimbursement for out-of-pocket expenses as herein provided) shall be submitted by the Underwriting Agent to the Administrator monthly or at such other intervals as the Administrator may direct, with an appropriate voucher, and the amount of such compensation, if approved, shall be promptly paid to the Underwriting Agent.

4. *Standard of performance.* In the discharge of its duties and obligations pursuant to this Agreement, the Underwriting Agent shall conform to a standard of performance and accuracy reasonably to be expected of an insurance company in the administration of its own business and consistent with the highest degree of good faith. It is agreed, however, that the Underwriting Agent shall not be responsible for errors or omissions of agents or employees in whose selection and supervision it has exercised reasonable care, provided, however, that the Underwriting Agent, in any such case, shall have conformed to the standards of performance required hereunder, and provided further, that the Underwriting Agent assumes full and complete responsibility for the disposition of any funds received by it or its agents or employees under and pursuant to this Agreement. The exercise of reasonable care in the selection of agents and employees by the Underwriting Agent shall be deemed to include a determination by the Underwriting Agent that the agents or employees so selected are experienced in the transaction of such phases of the marine insurance business as may be delegated to such agents or employees by the Underwriting Agent.

5. *Writing insurance for own account.* It is understood that the Underwriting Agent is or may be engaged in writing for its own account war risk insurance, as well as other types of insurance, for the benefit of holders of policies issued by it hereunder and of other parties; and it is agreed that such insurance may be written notwithstanding the activities of the Underwriting Agent hereunder on behalf of the Administrator, pursuant to this Agreement.

6. *Books and records.*

(a) *Maintained subject to audit.* The Underwriting Agent shall keep books, records and accounts covering the operations and activities under this Agreement which shall be the property of the United States represented by the Administrator and shall be kept separate from those relating to other business of the Underwriting Agent, in accordance with regulations made from time to time by the Administrator, and shall at all time be subject to audit and inspection by the Administrator.

(b) *Comptroller General may examine.* The Comptroller General of the United States or any of his duly authorized representatives shall have access to and the right to examine any pertinent books, documents, papers and records of the Underwriting Agent in the performance of and involving transactions related to this Agreement.

7. *Acts only as agent.* The Underwriting Agent shall act only in the capacity of agent for the Administrator as principal, in the performance of the functions provided for hereunder. The Underwriting Agent shall have no authority other than as provided in this Agreement and in the rules, regulations and instructions issued to it by the Administrator under and pursuant to this Agreement, directly or through any clearing agency appointed by the Administrator. The Underwriting Agent may accompany its signature in all policies countersigned by it hereunder with a statement that, in countersigning such policies, it acts solely under the powers conveyed to it by the Administrator and that it does not thereby warrant its authority to accept applications for insurance or its authority to countersign, nor the authority of the Administrator to issue such policies.

8. *Special circumstances.*

(a) *Reimbursement of taxes and fees.* In the event that the Underwriting Agent, after giving notice to the Administrator, shall be compelled to pay to the United States, its territories or possessions, or to any state of the United States or political subdivision thereof, or to any foreign country or political subdivision thereof, any tax (excepting incomes taxes of every nature) or fee or interest or penalty relating thereto claimed to be due by reason of the business transacted pursuant to this Agreement and which would not have been payable except for the activities of the Underwriting Agent hereunder, the Administrator shall reimburse the Underwriting Agent therefor and for any special expenses necessarily incurred in connection therewith.

(b) *Indemnification.* If any legal suit or proceeding (whether or not based on negligence) is brought against the Underwriting Agent on account of anything done or not done, by the Underwriting Agent, the Administrator or any clearing agency appointed by him, in connection with the issuance or non-issuance of insurance on behalf of the Administrator or the payment or non-payment of claims arising thereunder (including, without in any way limiting the foregoing, anything done or not done pursuant to any rules, regulations, or instructions of the Administrator or anything done or not done in conflict with or because of any limitation on the powers of the Administrator), the Administrator shall, upon due notice and at the expense of the United States, defend any such proceeding. If, in or as a result of any such legal suit or proceeding, the Underwriting Agent be compelled or required to make any payment or incur any expense, the Administrator shall reimburse the Underwriting Agent for the amount thereof; provided always that the Administrator shall not be obligated to make any such reimbursement unless, in connection with the action complained of, the Underwriting Agent shall have complied with the standard of performance required hereunder. In any of the foregoing cases, the Underwriting Agent shall render to the Administrator such reasonable cooperation and assistance as the Administrator may require.

9. *Effective date, amendment, termination.* This Agreement shall become effective as and when the Secretary finds that war risk cargo insurance adequate for the needs of the water-borne commerce of the United States cannot be obtained on reasonable terms and conditions from companies authorized to do an insurance business in a State of the United States. The Underwriting Agent shall not be entitled to receive any compensation or to be reimbursed for any expenditures, as otherwise authorized by paragraph 3 of this Agreement, for services rendered or expenditures incurred prior to the effective date of this Agreement. This Agreement may be terminated, modified or amended at any time by mutual written consent. Once this Agreement becomes effective, it shall continue in force until terminated by mutual written consent or by either party, giving at least thirty (30) days' written notice by registered mail to the other party, stating the effective date and time on which this Agreement shall terminate. Such termination shall not affect the obligations of the parties hereto with respect to any binders or policies of insurance issued or expenditures incurred prior to the effective date of such termination.

10. *No commission or contingent fee.* The Underwriting Agent warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Underwriting Agent for the purpose of securing business.

For breach or violation of this warranty the Administrator shall have the right to annul this contract without liability or in his discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

11. *No discrimination.* In connection with the performance of work under this contract, the Underwriting Agent agrees not to discriminate against any employee or applicant for employment because of race, color, creed, or national origin; and further agrees to insert the foregoing provision in all subcontracts hereunder except subcontracts for standard commercial supplies or for raw materials.

12. *No member delegate.* No Member of or Delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

13. *Renegotiation.* This contract shall be subject to any act of the Congress, whether heretofore or hereafter enacted and to the extent indicated therein, providing for the renegotiation of said contract and shall be deemed to contain all of the provisions required by any such act without subsequent amendment of this contract specifically incorporating such provisions.

The contractor (which term as used in this sentence means the party contracting to perform the work or furnish the materials required by this contract) shall insert the provisions of this article in each subcontract and purchase order made or issued in carrying out the contract.

Nothing contained in this clause shall impose any renegotiation obligation with respect to this contract or any subcontract hereunder which is not imposed by an act of the Congress, heretofore or hereafter enacted.

In witness whereof, the parties hereto have duly executed this Agreement in quadruplicate as of the day and year first above written.

UNITED STATES OF AMERICA,
SECRETARY OF COMMERCE,
By: MARITIME ADMINISTRATOR,

(Maritime Administrator)

Attest:

(Underwriting agent)

By:

Attest:

Approved as to form:

(Assistant General Counsel,
Maritime Administration)

I, _____, certify that I am the duly chosen, qualified, and acting Secretary of _____, a party to this Agreement, and, as such, I am the custodian of its official records and the minute books of its governing body; that _____, who signed this Agreement on behalf of said corporation, was then the duly qualified _____ of said corporation; that said officer affixed his manual signature to said Agreement in his official capacity as said officer for and on behalf of said corporation by authority and direction of its governing body duly made and taken; that said Agreement is within the scope of the corporate and lawful powers of this corporation.

[CORPORATE SEAL]

(Where special action of the governing body is not immediately practicable, the following must be signed by the United States Manager, or by the Branch Manager or other similar executive who executes the Agreement.)

I, _____, certify that I am the _____ of _____ the party to this Agreement referred to therein as the Underwriting Agent; that I personally signed this Agreement on behalf of said corporation, under powers given to me by authority and direction of its governing body duly made and taken; that said Agreement is within the scope of the corporate and lawful powers of this corporation.

L. S.

§ 308.549 Application for appointment of Cargo Underwriting Agent, Form MA-319.

Any domestic insurance company authorized to do a marine insurance business in any State of the United States may apply for appointment as a Cargo Underwriting Agent by sending a letter in the following form to the Maritime Administrator:

Form MA-319 (7-54)

APPLICATION FOR APPOINTMENT OF CARGO UNDERWRITING AGENT

MARITIME ADMINISTRATOR,
Washington 25, D. C.

DEAR SIR:

The undersigned, an insurance company duly admitted to transact the business of marine insurance in the following State or States of the United States, hereby applies for appointment as Underwriting Agent of the Maritime Administrator, to execute and issue binders and open and facultative war risk cargo insurance policies on behalf of the United States of America, represented by the Maritime Administrator, acting for the Secretary of Commerce, and to perform other functions and duties, as are more specifically set forth in the standard form of underwriting agency agreement prescribed by the Maritime Administrator and printed in the FEDERAL REGISTER of the United States on the _____ In connection with this application, we are transmitting herewith three executed counterparts of an underwriting agency agreement in such standard form.

Dated: _____

(Applicant)

§ 308.550 Certificate, Form MA-320.

(a) *When used.* Wherever any provision of this subpart or any amendment thereto, requires the Assured to make a declaration or certification under the penalties of perjury and the form of the declaration or certificate is not prescribed, the Assured may execute a certificate on Form MA-320-A, prescribed in paragraph (b) of this section if the Assured is an individual, or on Form MA-320-B, prescribed in paragraph (c) of this section if the Assured is a partnership, or on Form MA-320-C, prescribed in paragraph (d) of this section if the Assured is a corporation.

(b) *Individual, Form MA-320-A.* If the Assured is an individual, a certificate in the following form may be used:

Form MA-320-A (7-54)

CERTIFICATE

I, individually, under the penalties provided by the Criminal Code of the United States, Title 18, U. S. C., Sections 287 and 1001, certify that the statements hereinabove contained and in any accompanying schedules or reports, have been examined by me and to the best of my knowledge and belief they are true, correct and complete, and are made in good faith for the purpose of inducing the United States of America

acting by and through the Maritime Administrator to rely thereon.

(Assured)

(c) *Partnership, Form MA-320-B.* If the Assured is a partnership, a certificate in the following form may be used:

Form MA-320-B (7-54)

CERTIFICATE

I, individually, and on behalf of the named policyholder, a partnership for whom I declare I have the power to make this certificate, under the penalties provided by the Criminal Code of the United States, Title 18, U. S. C., Sections 287 and 1001, certify that the statements hereinabove contained and in any accompanying schedules or reports, have been examined by me and to the best of my knowledge and belief they are true, correct and complete, and are made in good faith for the purpose of inducing the United States of America acting by and through the Maritime Administrator to rely thereon.

(Title)

(d) *Corporation, Form MA-320-C.* If the Assured is a corporation, a certificate in the following form may be used:

Form MA-320-C (7-54)

CERTIFICATE

I, individually, and on behalf of the named policyholder, a corporation, for whom I declare I have the power to make this certificate, under the penalties provided by the Criminal Code of the United States, Title 18, U. S. C., Sections 287 and 1001, certify that the statements hereinabove contained and in any accompanying schedules or reports, have been examined by me and to the best of my knowledge and belief they are true, correct and complete, and are made in good faith for the purpose of inducing the United States of America, acting by and through the Maritime Administrator, to rely thereon.

(Title)

§ 308.551 War Risk Insurance clearing agency agreement for cargo.

The following is the standard form of clearing agency agreement applicable with respect to agreements made after June 7, 1961, which will be executed by the Maritime Administrator and domestic insurance companies, or groups of domestic insurance companies authorized to do a marine insurance business in any State of the United States, appointing such companies or groups of companies as clearing agents:

Form MA-321 (Revised 5-61)

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
MARITIME ADMINISTRATION

CLEARING AGENCY AGREEMENT FOR CARGO

This Agreement, made and entered into this _____ day of 19____, by and between the United States of America (herein called the "United States"), acting by the Secretary of Commerce (herein called the "Secretary"), represented by the Maritime Administrator (herein called the "Administrator"), and _____, (herein called the "Clearing Agent"), having an office for the transaction of business at _____, an association of domestic insurance companies (herein called the "Participating Members"), each of which is authorized to do a marine insurance business in a State of the United States.

WITNESSETH

Whereas, pursuant to title XII of the Merchant Marine Act, 1936, as amended (herein called the "Act"), the Secretary is authorized under certain circumstances to provide marine insurance and reinsurance against loss or damage by the risks of war, and to employ domestic companies or groups of domestic companies authorized to do a marine insurance business in any State of the United States to act as his underwriting agent; and

Whereas, the Secretary has delegated authority to the Administrator to perform the functions vested in the Secretary by title XII of the act (Section 8.01; subsection 3, of Department Order No. 117 (Revised), published in the FEDERAL REGISTER July 21, 1960, 25 F.R. 6934); and

Whereas, the Administrator is prepared, under the authority of section 1209 (d) of the act, to enter into Underwriting Agency Agreements with each of the Participating Members and with other Domestic Companies authorized to do an insurance business in any State of the United States and having facilities similar to the Participating Members (hereinafter collectively called the "Underwriting Agents"), for the purpose of performing certain functions on behalf of the Administrator, including the receipt of applications and countersignature of policies, in connection with the issuance of insurance pursuant to section 1203 (b) of the act; and

Whereas, the Administrator has determined to utilize the services and facilities of _____, to act as clearing agent to coordinate the issuance of cargo war risk insurance and facilitate the administration of the cargo war risk program by the Administrator;

Now, therefore, in consideration of the premises and of the mutual covenants and agreements, and upon the terms and conditions hereinafter set forth, the parties hereto agree as follows:

1. *Appointment of Agent.* The Administrator hereby authorizes the Clearing Agent, as an agent acting on behalf of the Administrator and not as an independent contractor, to utilize its offices and facilities in cooperation with the Underwriting Agents for the purpose of coordinating and facilitating the issuance of cargo war risk insurance pursuant to section 1203 (b) of the act and to perform the functions hereinafter provided for, upon the terms and conditions hereinafter set forth and in accordance with the rules, regulations and instructions which will be issued from time to time by the Administrator to the Clearing Agent. The Clearing Agent hereby agrees to utilize its offices and facilities and to perform the functions hereinafter provided for to the best of its ability on behalf of the Administrator. The Clearing Agent may act through and use the facilities of the _____ and such other agents as may be approved by the Administrator, to the extent it deems necessary in the performance of its duties hereunder.

2. *Duties of Agent.* The duties of the Clearing Agent shall be as follows:

(a) The Clearing Agent, when and as instructed by the Administrator, shall promptly transmit to the Underwriting Agents all applicable rules, regulations, instructions and information which it receives from the Administrator in connection with the program of insurance authorized by section 1203 (b) of the act. The Clearing Agent shall promptly transmit to the Administrator any notice, demand, request or report submitted to it by the Underwriting Agents for transmission to the Administrator, in accordance with this Agreement and the Underwriting Agency Agreements.

(b) The Clearing Agent, when and as required by the Administrator, shall receive reports from the Underwriting Agents, setting forth in summary form, all applications re-

ceived, policies issued, invalidated, cancelled, reduced or extended, premiums collected and returned and such other information as the Administrator may from time to time request. The Clearing Agent shall prepare and submit to the Administrator, at such regular intervals as the Administrator may direct, a report on a form approved by the Administrator, combining and summarizing the information which shall have been reported to it by the Underwriting Agents as aforesaid and including such other information as may be reasonably required by the Administrator. The Clearing Agent shall from time to time prepare and submit to the Administrator such other reports and information relating to its activities hereunder as the Administrator may from time to time reasonably request.

(c) The Clearing Agent shall receive from the Underwriting Agents reports and claims of losses submitted to said Agents together with the pertinent documents and recommendations relating thereto which the Underwriting Agents shall have prepared and assembled. The Clearing Agent shall promptly transmit all such reports, documents and recommendations to the Administrator, together with any additional information relating to such claims which the Administrator may reasonably require in determining their eligibility for settlement and payment.

(d) The Clearing Agent shall receive from the Underwriting Agents claims submitted to said Agents for return of all or part of premiums previously collected under policies, if any, providing for return premiums, together with the required certifications of said Agents in connection with such claims. The Clearing Agent shall promptly transmit said claims and certifications to the Administrator, together with any further information which the Administrator may reasonably require in connection therewith.

(e) The Clearing Agent shall maintain a complete, separate system of books of records and accounts covering its operations and activities under this Agreement, including a record of all statements, vouchers and other information received by it from the Underwriting Agents. These books of records and accounts shall be the property of the Administrator. They shall be kept available by the Clearing Agent at all times for audit and inspection by duly authorized representatives of the Administrator and by the Comptroller General of the United States or their duly authorized representatives during the period of this Agreement and up to thirty-six (36) months after its termination and thereafter until final settlement of any outstanding claims against the Administrator by holders of policies issued by the Underwriting Agents.

(f) The Clearing Agent shall receive such periodic statements and vouchers of compensation and other payments claimed by the Underwriting Agents as the Underwriting Agents may be required to submit pursuant to the Underwriting Agency Agreements. The Clearing Agent shall consolidate such statements and vouchers into a single monthly statement of compensation claimed by the Underwriting Agents as of the last day of the month covered by such consolidated statement and shall certify thereon that the amounts set forth therein truly and correctly reflect the statements and vouchers received from the Underwriting Agents. The Clearing Agent shall then submit such consolidated statement to the Administrator, who upon his approval thereof, shall promptly forward to the Clearing Agent his check payable to the order of the Clearing Agent in the total amount of such statement as approved by the Administrator. The Clearing Agent shall thereupon make payments to the order of the individual Underwriting Agents in the respective amounts set forth in the statement as approved by the Administrator.

3. *Compensation*—(a) *Fair and reasonable.* The Clearing Agent shall receive for its services such amount as the Administrator and the Clearing Agent may, from time to time, agree to be fair and reasonable compensation. In addition to such fair and reasonable compensation, the Clearing Agent shall receive reimbursement for out-of-pocket expenditures reasonably incurred, meaning payments to persons not regularly employed by the Clearing Agent but excluding payments to attorneys unless such employment has been authorized by the Administrator, provided, however, that all such expenditures shall be subject to the review of the Administrator, and further provided that, except as authorized by section 1209 (d) of the act, such expenditures shall not include any fee or other consideration paid to an insurance broker or any person acting in a similar intermediary capacity for services by virtue of his participation in arranging any of such insurance nor include any payment on account of solicitation for or stimulation of such insurance.

(b) *Paid monthly.* A statement of the compensation due to the Clearing Agent (including reimbursement for out-of-pocket expenses as herein provided) shall be submitted by the Clearing Agent to the Administrator monthly or at such other intervals as the Administrator may direct, with an appropriate voucher, and the amount of such compensation, if approved, shall be promptly paid to the Clearing Agent.

4. *Standard of performance.* In the discharge of its duties and obligations pursuant to this Agreement, the Clearing Agent shall conform to a standard of performance and accuracy reasonably to be expected of an insurance company in the administration of its own business and consistent with the highest degree of good faith. It is agreed, however, that the Clearing Agent shall not be responsible for errors or omissions of agents or employees in whose selection and supervision it has exercised reasonable care, provided, however, that the Clearing Agent, in any such case, shall have conformed to the standards of performance required hereunder, and provided further, that the Clearing Agent assumes full and complete responsibility for the disposition of any funds received by it or its agents or employees under and pursuant to this Agreement. The exercise of reasonable care in the selection of agents and employees by the Clearing Agent shall be deemed to include a determination by the Clearing Agent that the agents or employees so selected are experienced in the transaction of such phases of the marine insurance business as may be delegated to such agents or employees by the Clearing Agent.

5. *Writing insurance for own account.* It is understood that the Participating Members of the Association constituting the Clearing Agent are or may be engaged in writing for their own account war risk insurance, as well as other types of insurance, for the benefit of holders of policies issued by the Clearing Agent hereunder and of other parties; and it is agreed that such insurance may be written notwithstanding the activities of the Clearing Agent hereunder on behalf of the Administrator, pursuant to this Agreement.

6. *Books and records*—(a) *Maintained subject to audit.* The Clearing Agent shall keep books, records and accounts covering the operations and activities under this Agreement which shall be the property of the United States represented by the Administrator and shall be kept separate from those relating to other business of the Clearing Agent or of the Participating Members thereof, in accordance with regulations made from time to time by the Administrator, and shall at all times be subject to audit and inspection by the Administrator.

(b) *Comptroller General may examine.* The Comptroller General of the United States or any of his duly authorized representatives

shall have access to and the right to examine any pertinent books, documents, papers and records of the Clearing Agent or of the Participating Members thereof in the performance of and involving transactions related to this Agreement.

7. *Act only as agent.* The Clearing Agent shall act only in the capacity of agent for the Administrator as principal, in the performance of the functions provided for hereunder. The Clearing Agent shall have no authority other than as provided in this Agreement and in the rules, regulations and instructions issued to it by the Administrator under and pursuant to this Agreement.

8. *Special circumstances—(a) Reimbursement of taxes and fees.* In the event that the Clearing Agent or any Participating Member or Members thereof, after giving notice to the Administrator, shall be compelled to pay to the United States, its territories or possessions, or to any State of the United States or political subdivision thereof, or to any foreign country or political subdivision thereof, any tax (excepting income taxes of every nature) or fee or interest or penalty relating thereto claimed to be due by reason of the business transacted pursuant to this Agreement and which would not have been payable except for the activities of the Clearing Agent hereunder, the Administrator shall reimburse the Clearing Agent and any Participating Member or Members thereof and for any special expenses necessarily incurred in connection therewith.

(b) *Indemnification.* If any legal suit or proceeding (whether or not based on negligence) is brought against the Clearing Agent or any Participating Member or Members thereof on account of anything done or not done, by the Clearing Agent or any Participating Member or Members thereof or the Administrator, in connection with the issuance or non-issuance or cancellation of insurance on behalf of the Administrator or the payment or non-payment of claims for loss or return premiums arising thereunder (including, without in any way limiting the foregoing, anything done or not done pursuant to any rules, regulations, or instructions of the Administrator or anything done or not done in conflict with or because of any limitation on the powers of the Administrator), the Administrator shall, upon due notice and at the expense of the United States, defend any such proceeding. If, in or as a result of any such legal suit or proceeding, the Clearing Agent or any Participating Member or Members thereof be compelled or required to make any payment or incur any expense, the Administrator shall reimburse the Clearing Agent or any Participating Member or Members thereof for the amount thereof; provided always that the Administrator shall not be obligated to make any such reimbursement unless, in connection with the action complained of, the Clearing Agent shall have complied with the standard of performance required thereunder. In any of the foregoing cases, the Clearing Agent shall render to the Administrator such reasonable cooperation and assistance as the Administrator may require.

9. *Effective date, amendment, termination.* This Agreement shall become effective as of the date of its execution by the Administrator and shall continue in force until terminated. This Agreement may be terminated, modified or amended at any time by mutual written consent. Once this Agreement becomes effective, it shall continue in force until terminated by mutual written consent or by either party, giving at least thirty (30) days' written notice by registered mail to the other party, stating the effective date and time on which this Agreement shall terminate. Such termination shall not affect the obligations of the parties hereto with respect to any binders or policies of insurance issued or expenditures incurred prior to the effective date of such termination.

10. *No commission or contingent fee.* The Clearing Agent warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Clearing Agent for the purpose of securing business. For breach or violation of this warranty the Administrator shall have the right to annul this contract without liability or in his discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

11. *No discrimination.* In connection with the performance of work under this contract, the Clearing Agent agrees not to discriminate against any employee or applicant for employment because of race, color, creed, or national origin; and further agrees to insert the foregoing provision in all subcontracts hereunder except subcontracts for standard commercial supplies or for raw materials.

12. *No member or delegate.* No Member or Delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

13. *Renegotiation.* This contract shall be subject to any act of the Congress, whether heretofore or hereafter enacted and to the extent indicated therein, providing for the renegotiation of said contract and shall be deemed to contain all of the provisions required by any such act without subsequent amendment of this contract specifically incorporating such provisions.

The contractor (which term as used in this sentence means the party contracting to perform the work or furnish the materials required by this contract) shall insert the provisions of this article in each subcontract and purchase order made or issued in carrying out the contract.

Nothing contained in this clause shall impose any renegotiation obligation with respect to this contract or any subcontract hereunder which is not imposed by an act of the Congress, heretofore or hereafter enacted.

14. *Participating Members—(a) Indebted to United States.* The Participating Members of the association constituting the Clearing Agent, severally but not jointly and limited each to its participation therein, shall be indebted to the United States for such amounts as the Secretary is entitled to recover from the Clearing Agent in accordance with the foregoing provisions and, in the event of failure to pay on demand, the Secretary may bring an action or actions in any court in the United States to recover such amount or amounts from the Participating Members, severally but not jointly, on behalf of the United States.

(b) *Change of shares.* Without cancelling this Agreement, the Participating Members of the association constituting the Clearing Agent may, upon not less than ten (10) days' prior written notice to the Administrator, change their share of participation by agreement among themselves, including the termination of the interests of one Participating Member and the assumption of its share by one or more of the other Participating Members or by the admission of other eligible domestic insurance companies to membership in the association. Any such change of apportionment or termination of participation shall not relieve any Participating Member of its obligations in respect to matters which occurred prior to any change or termination of its interest. Unless the Clearing Agent is notified in writing by the Administrator, within ten (10) days after receipt of notice from the Clearing Agent,

that the proposed change in participation or termination or assumption is disapproved, such change shall be understood to be acceptable to the Administrator.

In witness whereof, the parties hereto have duly executed this Agreement in quadruplicate as of the day and year first above written.

UNITED STATES OF AMERICA,
SECRETARY OF COMMERCE,
By: MARITIME ADMINISTRATOR.

(Maritime Administrator)

(Clearing Agent)

By: _____

Attest: _____

Attest: _____

Approved as to form: _____

(Assistant General Counsel,
Maritime Administration)

I, _____, certify that I am the duly chosen, qualified, and acting Secretary of _____, a party to this Agreement, and, as such, I am the custodian of its official records and the minute books of its governing body; that _____, who signed this Agreement on behalf of said association, was then the duly qualified _____ of said association; that said officer affixed his manual signature to said agreement in his official capacity as said officer for and on behalf of said association by authority and direction of its governing body duly made and taken; that said Agreement is within the scope of the lawful powers of this association.

§ 308.552 Effective date.

This subpart shall become effective as and when the Maritime Administrator finds that war risk cargo insurance adequate for the needs of the waterborne commerce of the United States cannot be obtained on reasonable terms and conditions from companies authorized to do an insurance business in a State of the United States.

Effective date. The effective date of the foregoing shall be June 8, 1961, except as otherwise provided under Subparts E—War Risk Builder's Risk Insurance and F—War Risk Cargo Insurance.

By order of the Maritime Administrator.

Dated: March 24, 1961.

GEO. A. VIEHMANN,
Assistant Secretary.

[F.R. Doc. 61-4913; Filed, May 25, 1961;
8:49 a.m.]

Title 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 6—EXCEPTIONS FROM THE COMPETITIVE SERVICE

Department of the Army

Effective upon publication in the FEDERAL REGISTER, subparagraphs (4), (7), (10), and (11) of paragraph (a) of § 6.305 are revoked, subparagraph (2) of paragraph (a) is amended and subpara-

graphs (14) and (15) are added to paragraph (a) as set out below.

§ 6.305 Department of the Army.

(a) *Office of the Secretary.* * * *
(2) One Deputy to the Assistant Secretary of the Army (Financial Management) and one Deputy to the Assistant Secretary of the Army (Installations and Logistics)—Installations.

(14) One Deputy for Manpower to the Under Secretary of the Army.
(15) One Confidential Assistant to the Deputy for International Affairs to the Under Secretary of the Army.

(R.S. 1753, sec. 2, 22 Stat. 403, as amended; 5 U.S.C. 631, 633)

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] MARY V. WENZEL,
Executive Assistant to the Commissioners.

[F.R. Doc. 61-4911; Filed, May 25, 1961; 8:48 a.m.]

PART 6—EXCEPTIONS FROM THE COMPETITIVE SERVICE

Department of the Interior

Effective upon publication in the FEDERAL REGISTER, subparagraph (23) is added to paragraph (a) of § 6.310 as set out below.

§ 6.310 Department of the Interior.

(a) *Office of the Secretary.* * * *
(23) Assistant to the Secretary (Congressional Liaison).

(R.S. 1753, sec. 2, 22 Stat. 403, as amended; 5 U.S.C. 631, 633)

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] MARY V. WENZEL,
Executive Assistant to the Commissioners.

[F.R. Doc. 61-4912; Filed, May 25, 1961; 8:48 a.m.]

Title 6—AGRICULTURAL CREDIT

Chapter IV—Commodity Stabilization Service and Commodity Credit Corporation, Department of Agriculture

SUBCHAPTER B—LOANS, PURCHASES, AND OTHER OPERATIONS

[1961 C.C.C. Grain Price Support Bulletin 1, Supp. 1, Oats]

PART 421—GRAINS AND RELATED COMMODITIES

Subpart—1961-Crop Oats Loan and Purchase Agreement Program

A price support program has been announced for 1961-crop oats. The 1961 C.C.C. Grain Price Support Bulletin 1 (26 F.R. 2106) issued by the Commodity Credit Corporation and containing the regulations of a general nature with respect to price support operations for certain grains and other commodities

produced in 1961 is supplemented as follows:

Sec.
421.376 Purpose.
421.377 Availability of price support.
421.378 Eligible oats.
421.379 Warehouse receipts.
421.380 Determination of quantity.
421.381 Determination of quality.
421.382 Maturity of loans.
421.383 Determination of support rates.
421.384 Warehouse charges.
421.385 Inspection of oats under purchase agreement.
421.386 Settlement.

AUTHORITY: §§ 421.376 to 421.386 issued under sec. 4, 62 Stat. 1070, as amended; 15 U.S.C. 714b. Interpret or apply sec. 5, 62 Stat. 1072, sec. 105, 401, 63 Stat. 1051, as amended, 15 U.S.C. 714c; 7 U.S.C. 1421, 1441, 1442.

§ 421.376 Purpose.

Sections 421.376 to 421.386 state additional specific requirements which, together with the general regulations contained in the 1961 C.C.C. Grain Price Support Bulletin 1 (§§ 421.101 to 421.123), apply to loans and purchase agreements under the 1961-crop oats price support program.

§ 421.377 Availability of price support.

(a) *Method of support.* Price support will be available through farm-storage and warehouse-storage loans and through purchase agreements.

(b) *Area.* Farm-storage and warehouse-storage loans and purchase agreements will be available wherever oats are grown in the United States, except that farm-storage loans will not be available in areas where the State committee determines that oats cannot be safely stored on the farm.

(c) *Where to apply.* Application for price support should be made at the office of the county committee which keeps the farm program records for the farm.

(d) *When to apply.* Loans and purchase agreements will be available from the time of harvest through January 31, 1962, and the applicable documents must be signed by the producer and delivered to the office of the county committee not later than such date. Applicable documents referred to herein include the Producer's Note and Loan Agreement for warehouse-storage loans, the Producer's Note and Supplemental Loan Agreement and the Commodity Chattel Mortgage for farm-storage loans, and the Purchase Agreement for purchase agreements.

§ 421.378 Eligible oats.

Oats, to be eligible for price support, must meet all of the applicable requirements set forth in this section:

(a) The oats must have been produced in the United States in 1961 by an eligible producer.

(b) (1) At the time the oats are placed under loan or delivered under a purchase agreement the beneficial interest in the oats must be in the eligible producer tendering the oats for loan or for delivery under a purchase agreement and must always have been in him, or must have been in him and a former producer whom he succeeded before the oats were harvested. Any producer who is in doubt

as to whether his interest in the commodity complies with the requirements of this subpart should make available to the county committee all pertinent information, prior to filing an application, which will permit a determination to be made by CCC as to his eligibility for price support.

(2) To meet the requirements of succession to a former producer, the rights, responsibilities and interests of the former producer with respect to the farming unit on which the oats were produced shall have been substantially assumed by the person claiming succession. Mere purchase of the crop prior to harvest, without acquisition of any additional interest in the farming unit, shall not constitute succession. The county committee shall determine whether the requirements with respect to succession have been met.

(c) Oats, at the time they are placed under loan, and oats under purchase agreement which are in approved warehouse storage prior to notification by a producer of his intention to sell to CCC, must meet the following requirements:

(1) The oats must grade No. 3 or better or No. 4 on the factor of test weight only but otherwise No. 3 or better. Oats meeting the above eligibility requirements which grade Garlicky will also be eligible.

(2) Oats grading Tough, Weevily, Smutty, Ergoty, Bleached, or Thin, or containing mercurial compounds or other substances poisonous to man or animals, or oats otherwise of distinctly low quality will not be eligible, except that oats represented by warehouse receipts grading "Tough" will be eligible if the warehouseman certifies on the supplemental certificate or on a statement attached to the warehouse receipt substantially as follows: "On oats grading Tough, delivery will be made of the same country-run quality, quantity and grade, not Tough, and no lien for processing will be claimed by the warehouseman from Commodity Credit Corporation or any subsequent holder of the warehouse receipt."

(3) If offered as security for a farm-storage loan, the oats must have been stored in the granary at least 30 days prior to their inspection for measurement, sampling and sealing, unless otherwise approved by the State committee.

(d) Except as otherwise provided in § 421.385(a), oats under purchase agreement stored in other than approved warehouse storage shall not be eligible for sale to CCC if they do not meet the requirements of paragraph (c) (1) and (2) of this section on the basis of a pre-delivery inspection performed by a representative of the county committee, unless the producer complies with the conditions specified in § 421.385(a) and the oats on the basis of the inspection made at the time of delivery meet the requirements set forth in paragraph (c) (1) and (2) of this section.

§ 421.379 Warehouse receipts.

Warehouse receipts representing oats in approved warehouse storage to be placed under a warehouse-storage loan,

or to be delivered in satisfaction of a farm-storage loan, or to be acquired under a purchase agreement, must meet the following requirements of this section:

(a) Warehouse receipts presented for warehouse-storage loans must be issued in the name of the producer and for deliveries under farm-storage loans or purchase agreements, in the name of the producer or CCC, and must be properly endorsed in blank when issued in the name of the producer so as to vest title in the holder. The receipts must be issued by a warehouse for which a Uniform Grain Storage Agreement is in effect and which is approved by CCC for price support purposes, or the receipts must be issued on warehouses approved by CCC for price support purposes operated by eastern common carriers under tariffs approved by the Interstate Commerce Commission. For the purpose of this subpart, the term "eastern common carrier" includes the Port of New York Authority.

(b) Each warehouse receipt, or the warehouseman's supplemental certificate (in duplicate), properly identified with the warehouse receipts must show: (1) Gross weight and net bushels, (2) class, (3) grade, (4) test weight, and (5) any other grading factor(s) when such factor(s) and not test weight determine the grade.

(c) A separate warehouse receipt must be submitted for each grade of oats.

(d) The warehouse receipt may be subject to liens for warehouse charges only to the extent indicated in § 421.384.

(e) If the warehouseman has furnished a statement as provided in § 421.378(c)(2), the supplemental certificate must show the numerical grade and the grading factors of the oats to be delivered. Where the grade and grading factors shown on the supplemental certificate do not agree with the warehouse receipt, the factors shown on the supplemental certificate shall take precedence.

(f) If the receipt is issued for grain of which the warehouseman is the producer and the owner either solely, jointly, or in common with others, the fact of such ownership shall be stated on the receipt. Such receipts shall also be registered or recorded with appropriate State or local officials when required by State law. In States where the pledge of warehouse receipts by warehouseman on his own oats is not valid under State law and the warehouseman elects to deliver oats to CCC under a purchase agreement for which he is eligible under this program, the warehouse receipt shall be issued in the name of CCC.

(g) Each warehouse receipt or accompanying supplemental certificate representing grain stored in an approved warehouse operating under the Uniform Grain Storage Agreement shall indicate that the oats are insured, in accordance with such agreement. Each warehouse receipt or accompanying supplemental certificate issued on warehouses operated by Eastern common carriers and representing oats to be placed under loan shall indicate that the oats are insured

at the full market value against loss or damage by fire, lightning, inherent explosion, windstorm, cyclone and tornado. The cost of such insurance shall not be for the account of CCC.

§ 421.380 Determination of quantity.

(a) The quantity of oats placed under farm-storage loan may be determined either by weight or by measurement. The quantity of oats delivered under a farm-storage loan or under a purchase agreement shall be determined by weight. The quantity of oats on which a warehouse-storage loan shall be made and the quantity delivered to or acquired by CCC in an approved warehouse under a farm-storage loan or purchase agreement shall be the net weight of the oats represented by the warehouse receipt or on the supplemental certificate if applicable.

(b) When the quantity is determined by weight, a bushel shall be 32 pounds of oats. In determining the quantity of sacked oats by weight, a deduction of three-fourths of a pound for each sack shall be made.

(c) (1) To determine the quantity in bushels of oats in a bin by measurement, divide the cubic feet of oats by 1.25. The quantity so determined shall be adjusted for test weight by applying the applicable percentage as shown in the following table.

For oats testing:	Percent
40 pounds or over-----	125
39 pounds or over, but less than 40 pounds-----	121
38 pounds or over, but less than 39 pounds-----	118
37 pounds or over, but less than 38 pounds-----	115
36 pounds or over, but less than 37 pounds-----	112
35 pounds or over, but less than 36 pounds-----	109
34 pounds or over, but less than 35 pounds-----	106
33 pounds or over, but less than 34 pounds-----	103
32 pounds or over, but less than 33 pounds-----	100
31 pounds or over, but less than 32 pounds-----	96
30 pounds or over, but less than 31 pounds-----	93
29 pounds or over, but less than 30 pounds-----	90
28 pounds or over, but less than 29 pounds-----	87
27 pounds or over, but less than 28 pounds-----	84

(2) If the State committee determines that a pack factor should be used to arrive at the quantity of oats eligible for loan, the following shall be applicable:

(i) Multiply the quantity of oats as provided above by a pack factor of 1.15 if the quantity adjusted for test weight is 4,000 bushels or less, and by a pack factor of 1.25 if the quantity adjusted for test weight exceeds 4,000 bushels.

(ii) Multiply the quantity of oats by the pack factor of 1.15 regardless of the number of bushels in the bin if the minimum height of the oats in the bin is five feet or less.

(d) Since the percentage of dockage is not a grade factor in the case of oats, the quantity of oats will be determined without reference to dockage.

§ 421.381 Determination of quality.

The grade, grading factors, and all other quality factors shall be determined in accordance with the methods set forth in the Official Grain Standards of the United States for Oats, whether or not such determinations are made on the basis of an official inspection.

§ 421.382 Maturity of loans.

Loans mature on demand but not later than February 28, 1962, on oats stored in the States of Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia, and not later than April 30, 1962, on oats stored in all other States.

§ 421.383 Determination of support rates.

(a) Basic county support rates, and the schedule of premiums and discounts, for oats will be set forth in 1961 C.C.C. Grain Price Support Bulletin 1, Supplement 2, Oats. Both warehouse-storage and farm-storage loans and purchases under purchase agreements will be made on the basis of the rate established for the county in which the oats are produced.

(b) Where the State committee determines that State, district or county weed control laws, as administered, affect the oats crop the support rate in the case of farm storage shall be 10 cents below the applicable county support rate unless the producer obtains a certificate from the appropriate weed control official indicating that the oats comply with the weed control laws. In the case of warehouse storage, whenever the State committee of the State in which the oats are stored determines that State, district or county weed control laws, as administered affect oats stored in approved warehouses, the rate shall be 10 cents below the applicable support rate unless the producer obtains a certificate from either the appropriate State, county or district weed control official or the storing warehouseman that the oats comply with the weed control laws, and in the case of a certificate from the warehouseman, that he will save CCC harmless from loss or penalty because of the weed control laws. The certificate of the warehouseman may be in substantially the following form:

CERTIFICATION

This is to certify that the grain evidenced by warehouse receipt No. _____ issued to _____ is not subject to seizure or other action under weed control laws or regulations in effect at point of storage. It is further certified and agreed that should such grain be taken over by CCC in settlement of a loan or be purchased under the purchase agreement program that the undersigned will save CCC from loss or penalty under weed control laws or regulations in effect at the point the grain was stored under the above warehouse receipt.

(Signature)

(Address)

(Date)

§ 421.384 Warehouse charges.

(a) (1) Warehouse receipts and the oats represented thereby stored in approved warehouses operating under the Uniform Grain Storage Agreement may be subject to liens for warehouse handling and storage charges at not to exceed the Uniform Grain Storage Agreement rates from the date the oats are deposited in the warehouse for storage: *Provided*, That the warehouseman shall not be entitled to satisfy the lien by sale of the commodity when CCC is holder of the warehouse receipt. Where the date of deposit (the date of the warehouse receipt if the date of deposit is not shown) on warehouse receipts representing oats stored in warehouses operating under the Uniform Grain Storage Agreement is on or before the applicable loan maturity date there shall be deducted in computing the amount of the loan or purchase price the storage charges per bushel as shown in the following table unless written evidence has been submitted with the warehouse receipt that all warehouse charges, except receiving and loading out charges have been prepaid through the applicable loan maturity date to be determined in accordance with § 421.382.

Amount of deduction (cents per bushel)	For States having a maturity date not later than Apr. 30, 1962—Date the storage charges start (all dates inclusive)	For States having a maturity date not later than Feb. 28, 1962—Date the storage charges start (all dates inclusive)
11.....	Prior to Apr. 28, 1961.	Prior to May 7, 1961.
10.....	Apr. 28-June 1, 1961.	May 7-June 10, 1961.
9.....	June 2-July 6, 1961.	June 11-July 15, 1961.
8.....	July 7-Aug. 10, 1961.	
7.....	Aug. 11-Sept. 14, 1961.	
6.....	Sept. 15-Oct. 19, 1961.	July 16-Aug. 19, 1961.
5.....	Oct. 20-Nov. 23, 1961.	Aug. 20-Sept. 28, 1961.
4.....	Nov. 24-Dec. 28, 1961.	Sept. 24-Oct. 28, 1961.
3.....	Dec. 29, 1961-Feb. 1, 1962.	Oct. 29-Dec. 2, 1961.
2.....	Feb. 2-Mar. 8, 1962.	Dec. 3, 1961-Jan. 6, 1962.
1.....	Mar. 9-Apr. 30, 1962.	Jan. 7-Feb. 28, 1962.

(2) Notwithstanding the foregoing provisions of this paragraph, if the date the storage charges start against the holders of the warehouse receipt is shown on the warehouse receipt or supplemental certificate and such date is prior to the maturity date of loans for the commodity but subsequent to the date of deposit of the commodity in the warehouse, the deduction for storage in computing the amount of loan or purchase price shall be for the period from the date storage charges start against holders of the warehouse receipt through the applicable maturity date to be determined in accordance with § 421.382.

(b) Warehouse receipts and the oats represented thereby stored in approved warehouses operated by Eastern common carriers may be subject to liens for warehouse elevation (receiving and delivering) and storage charges from the date of deposit at rates approved by the Interstate Commerce Commission: *Provided*, That the warehouseman shall not be entitled to satisfy the lien by sale of the commodity if CCC is holder of the warehouse receipt. There shall be deducted in computing the loan or pur-

chase price the amount of the approved tariff rate for storage (not including elevation), which will accumulate from the date of deposit through the applicable maturity date to be determined in accordance with § 421.382, unless written evidence is submitted with the warehouse receipt that such charges have been prepaid. The county committee shall request the CSS commodity office to determine the amount of such charges. Where the producer presents evidence showing that elevation charges have been prepaid, the amount of the storage charges to be deducted shall be reduced by the amount of the elevation charges prepaid by the producer.

§ 421.385 Inspection of oats under purchase agreement.

(a) *Predelivery inspection.* Where the producer has given written notice within the 30-day period prior to the loan maturity date of his intent to sell his oats stored in other than an approved warehouse under purchase agreement to CCC, the county office shall make an inspection of the oats and obtain a sample of the oats and submit it for grade analysis prior to delivery of the oats. If the oats on the basis of the predelivery inspection are of a quality which meets the requirements for a farm-storage loan, the county office shall issue delivery instructions on or after the date of inspection. The producer must then complete delivery within a 15-day period immediately following the date the county office issued delivery instructions unless the county office determines that more time is needed for delivery. The producer whose oats are stored in other than an approved warehouse and whose oats are not of a quality eligible for a loan at the time of the predelivery inspection, shall be notified in writing by the county office that his oats are not eligible for purchase by CCC. If, nevertheless, the producer informs the county office that he will condition the oats or otherwise take action to make the oats eligible and insists upon delivery of the oats, the county office shall issue delivery instructions. In such cases the producer shall be further informed that if such oats, upon delivery and before purchase, do not meet the eligibility requirements of § 421.378(c) (1) and (2), as determined on the basis of a sample taken at the time of delivery, the oats will not be accepted for purchase by CCC. A predelivery inspection shall not be made on oats in warehouses not approved for storage which are stored commingled or which are stored so that the identity of the producer's oats are maintained but a predelivery inspection is not possible. When a predelivery inspection is not made, such oats at the time of delivery must meet the eligibility requirements of § 421.378(c) (1) and (2).

(b) *Inspection of oats stored by producer, after maturity date.* The producer may be required without any cost to CCC to retain the oats stored in other than approved warehouse storage under purchase agreement for a period of 60 days after the loan maturity date for the State where the oats are stored. CCC

will not assume any loss in quantity or quality of the oats covered by a purchase agreement occurring prior to delivery to CCC, except for quality deterioration under the following circumstances: If a producer has properly requested delivery instructions for oats which were determined to be of an eligible grade and quality at the time of the predelivery inspection, and CCC cannot accept delivery within the 60-day period following the loan maturity date, the producer may notify the county office at any time after such 60-day period that the oats are going out of condition or are in danger of going out of condition. Such notice must be confirmed in writing. If the county office determines that the oats are going out of condition or are in danger of going out of condition and that the oats cannot be satisfactorily conditioned by the producer, and delivery cannot be accepted within a reasonable length of time, the county office shall obtain an inspection and grade and quality determination. When delivery is completed settlement shall be made on the basis of such grade and quality determination or on the basis of the grade and quality determination made at the time of delivery, whichever is higher, and on the basis of the quantity actually delivered.

§ 421.386 Settlement.

(a) *Settlement value—(1) Farm-storage loans.* Oats are eligible for delivery under farm-storage loan if they are covered by the loan documents and were eligible to be placed under loan at the time the loan was made. In the case of oats eligible for delivery under loan delivered to CCC from farm storage, settlement shall be made at the applicable support rate for the county in which the oats were produced. If, upon delivery, the oats under farm-storage loan are of a grade or quality for which no support rate has been established, the settlement value shall be computed by using the price support premiums and discounts shown in 1961 C.C.C. Grain Price Support Bulletin 1, Supplement 2, Oats, to the extent they apply and in addition the amount of the market discounts, if any, as determined by the appropriate CSS commodity office, for the quality by which the commodity is lower than the quality for which such price support discounts are established: *Provided, however*, That if such oats are sold by CCC in order to determine their market price, the settlement value shall not be less than such sales price: *Provided further*, That if upon delivery, the oats contain mercurial compounds or other substances poisonous to man or animals, the oats shall be sold for seed (in accordance with applicable State seed laws and regulations), fuel or industrial uses where the end product will not be consumed by man or animals, and the settlement value shall be the same as the sales price, except that if CCC is unable to sell such oats for the use specified above, the settlement value shall be the market value, as determined by CCC, as of the date of delivery.

(2) *Warehouse-storage loans.* Settlement for eligible oats under warehouse-storage loans not redeemed on

maturity and represented by warehouse receipts issued by an approved warehouse shall be made on the basis of the weight, grade, and other quality factors shown on the warehouse receipts or accompanying documents at the applicable support rate for the county in which the oats were produced.

(3) *Purchase agreements*—(i) *Delivery from farm storage.* Settlement for oats delivered to CCC from farm storage meeting the eligibility requirements of § 421.378(c) (1) and (2) as determined by a reinspection at the time of delivery, and otherwise eligible for delivery, shall be made at the applicable support rate for the location where produced. If oats which were determined to be eligible at the time of the predelivery inspection are, upon delivery, of a grade or quality for which no support rate has been established, the settlement value shall be computed by using the price support premiums and discounts shown in 1961 C.C.C. Grain Price Support Bulletin 1, Supplement 2, Oats, to the extent they apply and in addition the amount of the market discounts, if any, as determined by the appropriate CSS commodity office, for the quality by which the commodity is lower than the quality for which such price support discounts are established: *Provided, however,* That if such oats are sold by CCC in order to determine the market price, the settlement value shall not be less than such sales price: *And provided further,* That if, upon delivery, the oats contain mercurial compounds or other substances poisonous to man or animals, such oats shall be sold for seed (in accordance with applicable State seed laws and regulations), fuel or industrial uses where the end product will not be consumed by man or animals, and the settlement value shall be the same as the sales price, except that if CCC is unable to sell such oats for the use specified above, the settlement value shall be the market value, as determined by CCC as of the date of delivery.

(ii) *Delivery from approved warehouse storage.* In the case of eligible oats stored in an approved warehouse, the producer must, not later than the day following the loan maturity date, or during such period of time thereafter as may be specified by the county committee, submit to the office of the county committee warehouse receipts under which the warehouseman guarantees quality and quantity for the quantity of oats he elects to sell to CCC. Settlement for eligible oats delivered under purchase agreement to CCC by submission of warehouse receipts issued by an approved warehouse shall be on the basis of the weight, grade, and other quality factors shown on the warehouse receipt or accompanying documents at the applicable support rate for the county in which the oats were produced.

(iii) *Delivery from unapproved warehouse storage.* The county office will issue instructions on or after the loan maturity date for delivery of oats in an unapproved warehouse which are stored commingled, or which are stored so that the identity of the producer's oats is maintained but a predelivery inspection

is not possible, where the producer has properly given the county office written notice of his intent to sell such oats to CCC. Settlement for such oats delivered to CCC which meet the eligibility requirements of § 421.378(c) (1) and (2), and which are otherwise eligible for delivery, shall be made at the applicable support rate for the county in which the oats were produced. If a predelivery inspection of the producer's oats can be made, the settlement will be the same as for oats delivered under a purchase agreement from farm storage as provided in subdivision (i) of this subparagraph.

(4) *Oats ineligible for delivery inadvertently accepted by CCC.* (i) In the absence of fraud on the part of the producer, the settlement provisions of this subparagraph shall apply to the following categories of oats ineligible for delivery which are inadvertently accepted by CCC and which CCC determines that it is not in a position to reject: (a) Oats under a purchase agreement which were of an ineligible grade or quality both at the time of the predelivery inspection and at the time of delivery as redetermined by a reinspection; (b) oats of an ineligible grade or quality which are delivered to CCC in excess of the maximum quantity stated in the purchase agreement; (c) oats in other than approved warehouse storage on which a predelivery inspection was not performed and which, at the time of delivery, do not meet the eligibility requirements of § 421.378(c) (1) and (2); and (d) ineligible oats delivered under a loan. The settlement value shall be the market price for the grade, quality and quantity of such ineligible oats delivered as determined by CCC: *Provided, however,* That if such oats are sold by CCC in order to determine their market price, the settlement value shall not be less than the sales price: *And provided further,* That if upon delivery, the oats contain mercurial compounds or other substances poisonous to man or animals, the oats shall be sold for seed (in accordance with applicable State seed laws and regulations), fuel or industrial uses where the end product will not be consumed by man or animals and the settlement value shall be the same as the sales price, except that if CCC is unable to sell such oats for the use specified above, the settlement value shall be the market value, as determined by CCC as of the date of delivery. If oats delivered under a purchase agreement are of an eligible grade and quality but in excess of the maximum quantity stated in the purchase agreement and such excess oats are inadvertently accepted by CCC, the settlement value shall be the sales price if the oats are immediately sold. If the oats are not immediately sold, the settlement value shall be the applicable support rate or the market price as determined by CCC, whichever is lower.

(ii) The making of any fraudulent representation by the producer, in connection with settlement or deliveries under a loan shall render the producer personally liable, aside from any additional liability under criminal and civil frauds statutes, for the amount of the loan, for any additional amounts paid

to the producer on the commodity, and for all costs which the Corporation would not have incurred had it not been for the producer's fraudulent representation, together with interest at the rate of 6 percent per annum on such amounts from the date of disbursement. For the purposes of establishing any deficiency remaining due in the event the producer has made any such fraudulent representation, the value of the commodity acquired by the Corporation under the loan shall be the market value, as determined by the Corporation, on the date of delivery or removal in the case of farm-storage loans or the market value of the commodity as of the close of the market on the final date for repayment in the case of warehouse-storage loans, or in the case of both farm-storage and warehouse-storage loans the sales price if the commodity is sold by CCC in order to determine its market value. If the producer has made a fraudulent representation in a sale under a purchase agreement or in the purchase agreement documents, he shall be personally liable, aside from any additional liability under criminal or civil frauds statutes for any loss which CCC sustains upon the commodity delivered under the purchase agreement. For the purpose of this program, such loss shall be deemed to be the price paid to the producer on the commodity delivered under the purchase agreement plus all costs sustained by CCC in connection with the commodity, together with interest at the rate of 6 percent per annum from the date of disbursement, less the market value, as determined by CCC, of the commodity as of the close of the market on the date of delivery, or the sales price if the commodity is sold in order to determine its market value.

(5) Notwithstanding the foregoing, if a warehouseman has made a certification on the warehouse receipt or supplemental certificate as specified in § 421.378(c) (2), settlement for oats delivered to or acquired by CCC in an approved warehouse under a farm-storage loan or purchase agreement shall be based on the quality specified in such certification.

(b) *Storage deduction for early delivery.* No deduction for storage shall be made for farm-stored oats under loan or purchase agreement authorized to be delivered to CCC prior to the loan maturity date except where it is necessary to call the loan through fault or negligence on the part of the producer or where the producer requests early delivery and the county committee approves early delivery and determines such early delivery is solely for the convenience of the producer. The deduction for storage shall be made in accordance with the schedule of deductions for warehouse charges in § 421.384.

(c) *Refund of prepaid handling charges.* In case a warehouseman charges the producer for the receiving or the receiving and loading-out charges on eligible oats under loan or purchase agreement stored in an approved warehouse, the producer shall, upon delivery of the oats to CCC, be reimbursed or given credit by the county office for such prepaid charges in an amount not to exceed the charges specified in the storage

agreement, provided the producer furnishes to the county office written evidence signed by the warehouseman that such charges have been paid. In case an approved warehouse operated by an Eastern common carrier charges the producer for the elevation charges on eligible oats under loan or purchase agreement, the producer shall, upon delivery of the oats to CCC, be reimbursed or given credit by the county office for such prepaid charges in an amount not to exceed the charges specified in the applicable approved tariff; provided the producer furnishes to the county committee written evidence signed by the warehouseman that such charges have been paid and CCC has not previously given the producer credit for such charges as provided in § 421.384(b).

(d) *Storage payment where CCC is unable to take delivery of oats stored in other than an approved warehouse under loan or purchase agreement.* The producer may be required to retain oats stored in other than an approved warehouse under loan or purchase agreement for a period of 60 days after the maturity date without any cost to CCC. However, if CCC is unable to take delivery of such oats within the 60-day period after maturity, the producer shall be paid a storage payment upon delivery of the oats to CCC: *Provided, however,* That a storage payment shall be paid a producer whose oats are stored in other than an approved warehouse under purchase agreement only if he has properly given notice of his intention to sell the oats to CCC and delivery cannot be accepted within the 60-day period after maturity. The period for earning such storage payment shall begin the day following the expiration of the 60-day period after the maturity date and extend through the final date of delivery, or the final date for delivery as specified in the delivery instructions issued to the producer by the county office, whichever is earlier. The storage payment shall be computed at the storage rates for oats provided for in the Uniform Grain Storage Agreement in effect at the time of such storage.

(e) *Track-loading payment.* A track-loading payment of 3 cents per bushel shall be made to the producer on price support oats delivered to CCC on track at a country point.

(f) *Compensation for hauling.* If the producer is directed by the county office to deliver his price support oats to a point a greater distance than to his customary delivery point, the producer shall be allowed compensation (as determined by the ASC State committee at not to exceed the common carrier truck rate or the rate available from local truckers) for hauling the oats the additional distance. The ASC State committee may, in determining the rates of payment for any excess haul, establish reasonable mileage minimums below which producers will not receive compensation for hauling the oats.

(g) *Method of payment under purchase agreement settlements.* When delivery of oats under purchase agreement is completed, payment will be made by sight draft drawn on CCC by the county office. The producer shall direct

on Commodity Purchase Form 4 to whom payment of the proceeds shall be made.

Issued this 22d day of May 1961.

E. A. JAENKE,
*Acting Executive Vice President,
Commodity Credit Corporation.*

[F.R. Doc. 61-4922; Filed, May 25, 1961;
8:50 a.m.]

[1961 C.C.C. Grain Price Support Bulletin 1,
Supp. 2, Oats]

PART 421—GRAINS AND RELATED COMMODITIES

Subpart—1961-Crop Oats Loan and Purchase Agreement Program

SUPPORT RATES

The 1961 C.C.C. Grain Price Support Bulletin 1 (26 F.R. 2106), issued by the Commodity Credit Corporation and containing the regulations of a general nature with respect to price support operations for certain grains and other commodities produced in 1961 was supplemented by 1961 C.C.C. Grain Price Support Bulletin 1, Supplement 1, Oats¹, containing specific requirements applicable to price support operations on the 1961 oats crop. These regulations are further supplemented as follows:

§ 421.387 Support rates.

(a) *Basic county support rates.* (1) Basic county support rates for oats placed under loan and for oats delivered under purchase agreement are set forth in this paragraph. Farm-storage and warehouse-storage loans, and purchases of oats under purchase agreements, will be made at the support rate established for the county in which the oats are produced.

(2) Basic county support rates for oats grading No. 3 are set forth below:

ALABAMA		Rate per bushel	
County			
All counties		\$0.73	
ALASKA			
All counties		\$0.88	
ARIZONA			
All counties		\$0.78	
ARKANSAS			
All counties		\$0.70	
CALIFORNIA			
County	Rate per bushel	County	Rate per bushel
Alameda	\$0.74	Mariposa	\$0.73
Alpine	.72	Mendocino	.72
Amador	.72	Merced	.73
Butte	.71	Modoc	.68
Calaveras	.72	Mono	.73
Colusa	.72	Monterey	.73
Contra Costa	.74	Napa	.73
Del Norte	.70	Nevada	.70
El Dorado	.72	Orange	.74
Fresno	.73	Placer	.71
Glenn	.71	Plumas	.70
Humboldt	.72	Riverside	.74
Imperial	.74	Sacramento	.72
Inyo	.74	San Benito	.73
Kern	.74	San Bernardi-	
Kings	.73	no	.74
Lake	.72	San Diego	.74
Lassen	.69	San Francisco	.74
Los Angeles	.75	San Joaquin	.73
Madera	.73	San Luis Obis-	
Marin	.74	po	.73

¹ See F.R. Doc. 61-4922 *supra*.

CALIFORNIA—Continued

County	Rate per bushel	County	Rate per bushel
San Mateo	\$0.74	Stanislaus	\$0.73
Santa Barbara	.73	Sutter	.72
Santa Clara	.74	Tehama	.70
Santa Cruz	.73	Trinity	.72
Shasta	.69	Tulare	.73
Sierra	.70	Tuolumne	.72
Siskiyou	.68	Ventura	.74
Solano	.74	Yolo	.73
Sonoma	.73	Yuba	.71

COLORADO
All counties.....\$0.65

CONNECTICUT
All counties.....\$0.73

DELAWARE
All counties.....\$0.72

FLORIDA
All counties.....\$0.77

GEORGIA
All counties.....\$0.73

IDAHO			
County	Rate per bushel	County	Rate per bushel
Ada	\$0.65	Gem	\$0.65
Adams	.63	Gooding	.64
Bannock	.63	Idaho	.62
Bear Lake	.63	Jefferson	.61
Benewah	.63	Jerome	.64
Bingham	.61	Kootenai	.63
Blaine	.63	Latah	.64
Boise	.65	Lemhi	.61
Bonner	.61	Lewis	.63
Bonneville	.61	Lincoln	.64
Boundary	.61	Madison	.61
Butte	.61	Minidoka	.64
Camas	.64	Nez Perce	.64
Canyon	.65	Oneida	.63
Caribou	.62	Owyhee	.65
Cassia	.64	Payette	.65
Clark	.61	Power	.63
Clearwater	.63	Shoshone	.61
Custer	.61	Teton	.61
Elmore	.65	Twin Falls	.64
Franklin	.63	Valley	.63
Fremont	.61	Washington	.64

ILLINOIS			
County	Rate per bushel	County	Rate per bushel
Adams	\$0.63	Jackson	\$0.66
Alexander	.66	Jasper	.65
Bond	.64	Jefferson	.66
Boone	.63	Jersey	.64
Brown	.63	Jo Daviess	.63
Bureau	.63	Johnson	.66
Calhoun	.64	Kane	.63
Carroll	.63	Kankakee	.63
Cass	.63	Kendall	.63
Champaign	.63	Knox	.63
Christian	.63	Lake	.64
Clark	.64	La Salle	.63
Clay	.65	Lawrence	.65
Clinton	.65	Lee	.63
Coles	.63	Livingston	.63
Cook	.65	Logan	.63
Crawford	.65	McDonough	.63
Cumberland	.64	McHenry	.63
De Kalb	.63	McLean	.63
De Witt	.63	Macon	.63
Douglas	.63	Macoupin	.64
Du Page	.63	Madison	.65
Edgar	.63	Marion	.65
Edwards	.66	Marshall	.63
Effingham	.64	Mason	.63
Fayette	.64	Massac	.66
Ford	.63	Menard	.63
Franklin	.66	Mercer	.63
Fulton	.63	Monroe	.66
Gallatin	.67	Montgomery	.64
Greene	.64	Morgan	.63
Grundy	.63	Moultrie	.63
Hamilton	.66	Ogle	.63
Hancock	.63	Peoria	.63
Hardin	.67	Perry	.66
Henderson	.63	Platt	.63
Henry	.63	Pike	.63
Iroquois	.63	Pope	.67

RULES AND REGULATIONS

ILLINOIS—Continued

County	Rate per bushel	County	Rate per bushel
Pulaski	\$.06	Tazewell	\$.06
Putnam	.63	Union	.66
Randolph	.66	Vermillion	.63
Richland	.65	Wabash	.66
Rock Island	.63	Warren	.63
St. Clair	.66	Washington	.66
Saline	.67	Wayne	.66
Sangamon	.63	White	.66
Schuyler	.63	Whiteside	.63
Scott	.63	Will	.64
Shelby	.63	Williamson	.66
Stark	.63	Winnebago	.63
Stephenson	.63	Woodford	.63

INDIANA

Adams	\$.06	Lawrence	\$.06
Allen	.64	Madison	.64
Bartholomew	.65	Marion	.64
Benton	.63	Marshall	.64
Blackford	.64	Martin	.66
Boone	.64	Miami	.64
Brown	.66	Monroe	.66
Carroll	.64	Montgomery	.64
Cass	.64	Morgan	.64
Clark	.66	Newton	.63
Clay	.64	Noble	.64
Clinton	.64	Ohio	.67
Crawford	.66	Orange	.66
Daviess	.66	Owen	.64
Dearborn	.67	Parke	.63
Decatur	.65	Perry	.66
De Kalb	.64	Pike	.66
Delaware	.64	Porter	.64
Dubois	.66	Posey	.66
Elkhart	.65	Pulaski	.64
Fayette	.64	Putnam	.64
Floyd	.66	Randolph	.64
Fountain	.63	Ripley	.67
Franklin	.66	Rush	.64
Fulton	.64	St. Joseph	.65
Gibson	.66	Scott	.67
Grant	.64	Shelby	.64
Greene	.66	Spencer	.66
Hamilton	.64	Starke	.64
Hancock	.64	Steuben	.65
Harrison	.66	Sullivan	.65
Hendricks	.64	Switzerland	.67
Henry	.64	Tiptecanoe	.64
Howard	.64	Tipton	.64
Huntington	.64	Union	.64
Jackson	.66	Vanderburgh	.66
Jasper	.63	Vermillion	.63
Jay	.64	Vigo	.64
Jefferson	.67	Wabash	.64
Jennings	.67	Warren	.63
Johnson	.64	Warrick	.66
Knox	.66	Washington	.66
Kosciusko	.64	Wayne	.64
Lagrange	.65	Wells	.64
Lake	.64	White	.64
La Porte	.65	Whitley	.64

IOWA

Adair	\$.06	Davis	\$.06
Adams	.62	Decatur	.62
Allamakee	.63	Delaware	.63
Appanoose	.62	Des Moines	.63
Audubon	.61	Dickinson	.60
Benton	.62	Dubuque	.63
Black Hawk	.62	Emmet	.60
Boone	.61	Fayette	.63
Bremer	.62	Floyd	.61
Buchanan	.62	Franklin	.61
Buena Vista	.61	Freemont	.62
Butler	.61	Greene	.61
Calhoun	.61	Grundy	.61
Carroll	.61	Guthrie	.61
Cass	.62	Hamilton	.61
Cedar	.63	Hancock	.61
Cerro Gordo	.61	Hardin	.61
Cherokee	.60	Harrison	.61
Chickasaw	.62	Henry	.63
Clarke	.62	Howard	.62
Clay	.61	Humboldt	.61
Clayton	.63	Ida	.60
Clinton	.63	Iowa	.62
Crawford	.60	Jackson	.63
Dallas	.61	Jasper	.61

IOWA—Continued

County	Rate per bushel	County	Rate per bushel
Jefferson	\$.06	Pocahontas	\$.06
Johnson	.63	Polk	.61
Jones	.63	Pottawattamie	.62
Keokuk	.62	Poweshiek	.61
Kossuth	.61	Ringgold	.62
Lee	.63	Sac	.61
Linn	.63	Scott	.63
Louisa	.63	Shelby	.61
Lucas	.62	Sioux	.59
Madison	.62	Story	.61
Mahaska	.62	Tama	.61
Marion	.62	Taylor	.62
Marshall	.61	Union	.62
Mills	.62	Van Buren	.63
Mitchell	.61	Wapello	.62
Monona	.60	Warren	.62
Monroe	.62	Washington	.63
Montgomery	.62	Wayne	.62
Muscatine	.63	Webster	.61
O'Brien	.60	Winnebago	.61
Osceola	.59	Winneshiek	.63
Page	.62	Woodbury	.60
Palo Alto	.61	Worth	.61
Plymouth	.60	Wright	.61

KANSAS

Allen	\$.06	Linn	\$.06
Anderson	.65	Logan	.66
Atchison	.65	Lyon	.65
Barber	.68	McPherson	.66
Barton	.66	Marion	.66
Bourbon	.66	Marshall	.64
Brown	.64	Meade	.68
Butler	.67	Miami	.65
Chase	.66	Mitchell	.64
Chautauqua	.67	Montgomery	.67
Cherokee	.67	Morris	.65
Cheyenne	.65	Morton	.68
Clark	.68	Nemaha	.64
Clay	.64	Neosho	.66
Cloud	.64	Ness	.66
Coffey	.65	Norton	.64
Comanche	.68	Osage	.65
Cowley	.67	Ossborne	.64
Crawford	.66	Ottawa	.64
Decatur	.64	Pawnee	.66
Dickinson	.65	Phillips	.63
Doniphan	.65	Pottawatomie	.64
Douglas	.65	Pratt	.67
Edwards	.66	Rawlins	.65
Elk	.66	Reno	.66
Ellis	.65	Republic	.63
Ellsworth	.65	Rice	.66
Finney	.67	Riley	.64
Ford	.67	Rooks	.64
Franklin	.65	Rush	.66
Geary	.65	Russell	.65
Gove	.66	Saline	.65
Graham	.65	Scott	.66
Grant	.67	Sedgwick	.67
Gray	.67	Seward	.68
Greene	.66	Shawnee	.65
Greenwood	.66	Sheridan	.65
Hamilton	.67	Sherman	.65
Harper	.68	Smith	.63
Harvey	.66	Stafford	.66
Haskell	.67	Stanton	.67
Hodgeman	.66	Stevens	.68
Jackson	.65	Sumner	.68
Jefferson	.65	Thomas	.65
Jewell	.63	Trego	.65
Johnson	.66	Wabaunsee	.65
Kearny	.67	Wallace	.66
Kingman	.67	Washington	.63
Kiowa	.67	Wichita	.66
Labette	.67	Wilson	.66
Lane	.66	Woodson	.65
Leavenworth	.66	Wyandotte	.66
Lincoln	.64		

KENTUCKY

All counties..... \$.73

LOUISIANA

All counties..... \$.72

MAINE

All counties..... \$.73

MARYLAND

County Rate per bushel
All counties..... \$.72

MASSACHUSETTS

All counties..... \$.73

MICHIGAN

County	Rate per bushel	County	Rate per bushel
Alcona	\$.06	Keweenaw	\$.06
Alger	.66	Lake	.66
Allegan	.66	Lapeer	.64
Alpena	.64	Leelanau	.65
Antrim	.65	Lenawee	.65
Arenac	.64	Livingston	.65
Baraga	.65	Luce	.66
Barry	.66	Mackinac	.66
Bay	.64	Macomb	.65
Benzie	.65	Manistee	.66
Berrien	.65	Marquette	.65
Branch	.65	Mason	.66
Calhoun	.65	Mecosta	.65
Cass	.65	Menominee	.65
Charlevoix	.65	Midland	.64
Cheyboygan	.65	Missaukee	.65
Chippewa	.66	Monroe	.65
Clare	.65	Montcalm	.65
Clinton	.65	Montmorency	.64
Crawford	.64	Muskegon	.66
Delta	.65	Newaygo	.66
Dickinson	.65	Oakland	.65
Eaton	.65	Oceana	.66
Emmet	.65	Ogemaw	.64
Genesee	.64	Ontonagon	.65
Gladwin	.64	Osceola	.65
Gogebic	.65	Oscoda	.64
Grand Travers	.65	Otsego	.65
Gratiot	.65	Ottawa	.66
Hillsdale	.65	Presque Isle	.64
Houghton	.65	Roscommon	.64
Huron	.64	Saginaw	.64
Ingham	.65	St. Clair	.65
Ionia	.65	St. Joseph	.65
Iosco	.64	Sanilac	.64
Iron	.65	Schoolcraft	.66
Isabella	.65	Shiawassee	.64
Jackson	.65	Tuscola	.64
Kalamazoo	.66	Van Buren	.66
Kalkaska	.65	Washtenaw	.65
Kent	.66	Wayne	.65
		Wexford	.66

MINNESOTA

Aitkin	\$.06	Lake	\$.06
Anoka	.60	Lake of the Woods	.53
Becker	.54	Le Sueur	.59
Beltrami	.53	Lincoln	.56
Benton	.58	Lyon	.56
Big Stone	.55	McLeod	.59
Blue Earth	.59	Mahnomen	.53
Brown	.58	Marshall	.58
Carlton	.59	Martin	.58
Carver	.60	Meeker	.58
Cass	.56	Mille Lacs	.58
Chippewa	.56	Morrison	.57
Chisago	.60	Mower	.59
Clay	.54	Murray	.56
Clearwater	.54	Nicollet	.59
Cook	.60	Nobles	.57
Cottonwood	.57	Norman	.53
Crow Wing	.57	Olmsted	.59
Dakota	.60	Otter Tail	.55
Dodge	.59	Pennington	.53
Douglas	.56	Pine	.59
Faribault	.59	Pipestone	.56
Fillmore	.60	Polk	.53
Freeborn	.59	Pope	.56
Goodhue	.59	Ramsey	.60
Grant	.55	Red Lake	.53
Hennepin	.60	Redwood	.57
Houston	.60	Renville	.58
Hubbard	.55	Rice	.59
Isanti	.59	Rock	.57
Itasca	.56	Roseau	.52
Jackson	.58	St. Louis	.59
Kanabec	.59	Scott	.60
Kandiyohi	.58	Sherburne	.59
Kittson	.52	Sibley	.59
Koochiching	.55	Stearns	.58
Lac Qui Parle	.56		

MINNESOTA—Continued

County	Rate per bushel	County	Rate per bushel
Steele	\$0.59	Washington	\$0.60
Stevens	.55	Watsonwan	.58
Swift	.56	Wilkin	.54
Todd	.57	Winona	.60
Traverse	.54	Wright	.59
Wabasha	.59	Yellow	
Wadena	.56	Medicine	.56
Waseca	.59		

MISSISSIPPI

All counties	\$0.72
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MISSOURI

County	Rate per bushel	County	Rate per bushel
Adair	\$0.65	Linn	\$0.65
Andrew	.64	Livingston	.65
Atchison	.63	McDonald	.67
Audrain	.64	Macon	.65
Barry	.67	Madison	.67
Barton	.66	Maries	.67
Bates	.65	Marion	.63
Benton	.65	Mercer	.64
Bollinger	.67	Miller	.66
Boone	.66	Mississippi	.66
Buchanan	.66	Moniteau	.66
Butler	.67	Monroe	.64
Caldwell	.66	Montgomery	.66
Callaway	.66	Morgan	.66
Camden	.66	New Madrid	.67
Cape		Newton	.66
Girardeau	.66	Nodaway	.63
Carroll	.65	Oregon	.68
Carter	.67	Osage	.67
Cass	.65	Ozark	.68
Cedar	.65	Pemiscot	.67
Chariton	.65	Perry	.66
Christian	.67	Pettis	.66
Clark	.63	Phelps	.67
Clay	.66	Pike	.63
Clinton	.66	Platte	.66
Cole	.66	Polk	.65
Cooper	.66	Pulaski	.66
Crawford	.67	Putnam	.64
Dade	.65	Ralls	.63
Dallas	.66	Randolph	.65
Davies	.65	Ray	.66
De Kalb	.65	Reynolds	.67
Dent	.67	Ripley	.68
Douglas	.67	St. Charles	.65
Dunklin	.67	St. Clair	.65
Franklin	.67	Ste. Genevieve	.66
Gasconade	.67	St. Francois	.67
Gentry	.64	St. Louis	.66
Greene	.66	Saline	.65
Grundy	.64	Schuyler	.64
Harrison	.64	Scotland	.63
Henry	.65	Scott	.66
Hickory	.65	Shannon	.67
Holt	.64	Shelby	.64
Howard	.66	Stoddard	.67
Howell	.68	Stone	.67
Iron	.67	Sullivan	.64
Jackson	.65	Taney	.68
Jasper	.66	Texas	.66
Jefferson	.66	Vernon	.65
Johnson	.65	Warren	.66
Knox	.64	Washington	.67
Laclede	.66	Wayne	.67
LaFayette	.65	Webster	.66
Lawrence	.66	Worth	.63
Lewis	.63	Wright	.66
Lincoln	.65		

MONTANA

Beaverhead	\$0.60	Dawson	\$0.52
Big Horn	.56	Deer Lodge	.58
Blaine	.52	Fallon	.54
Broadwater	.56	Fergus	.54
Carbon	.56	Flathead	.58
Carter	.55	Gallatin	.56
Cascade	.56	Garfield	.52
Chouteau	.53	Glacier	.55
Custer	.54	Golden Valley	.55
Daniels	.52	Granite	.59

MONTANA—Continued

County	Rate per bushel	County	Rate per bushel
Hill	\$0.53	Powell	\$0.58
Jefferson	.57	Prairie	.53
Judith Basin	.55	Ravalli	.59
Lake	.59	Richland	.52
Lewis and Clark	.57	Roosevelt	.52
Liberty	.54	Rosebud	.54
Lincoln	.60	Sanders	.60
McCone	.52	Sheridan	.52
Madison	.58	Silver Bow	.58
Meagher	.56	Stillwater	.56
Mineral	.60	Sweet Grass	.56
Missoula	.59	Teton	.54
Musselshell	.55	Toole	.54
Park	.56	Treasure	.56
Petroleum	.54	Valley	.52
Phillips	.52	Wheatland	.55
Pondera	.54	Wilbax	.53
Powder River	.55	Yellowstone	.56

NEBRASKA

Adams	\$0.62	Jefferson	\$0.62
Antelope	.59	Johnson	.63
Arthur	.60	Kearney	.62
Banner	.60	Keith	.61
Blaine	.59	Keya Paha	.58
Boone	.60	Kimball	.61
Box Butte	.60	Knox	.58
Boyd	.58	Lancaster	.62
Brown	.59	Lincoln	.61
Buffalo	.61	Logan	.60
Burt	.60	Loup	.59
Butler	.61	McPherson	.60
Cass	.62	Madison	.60
Cedar	.59	Merrick	.60
Chase	.63	Morrill	.60
Cherry	.59	Nance	.60
Cheyenne	.61	Nemaha	.63
Clay	.62	Nuckolls	.62
Colfax	.61	Otoe	.62
Cuming	.60	Pawnee	.63
Custer	.60	Perkins	.62
Dakota	.60	Phelps	.62
Dawes	.60	Pierce	.59
Dawson	.61	Platte	.60
Deuel	.61	Polk	.60
Dixon	.60	Red Willow	.63
Dodge	.61	Richardson	.63
Douglas	.62	Rock	.59
Dundy	.64	Saline	.62
Fillmore	.62	Sarpy	.62
Franklin	.62	Saunders	.62
Frontier	.62	Scotts Bluff	.60
Furnas	.63	Seward	.61
Gage	.63	Sheridan	.60
Garden	.60	Sherman	.60
Garfield	.59	Sioux	.60
Gosper	.62	Stanton	.60
Grant	.59	Thayer	.62
Greeley	.60	Thomas	.59
Hall	.61	Thurston	.60
Hamilton	.61	Valley	.60
Harlan	.62	Washington	.61
Hayes	.63	Wayne	.59
Hitchcock	.64	Webster	.62
Holt	.59	Wheeler	.59
Hooker	.59	York	.61
Howard	.60		

NEVADA

All counties	\$0.75
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NEW HAMPSHIRE

All counties	\$0.73
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NEW JERSEY

All counties	\$0.73
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NEW MEXICO

All counties	\$0.72
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NEW YORK

All counties	\$0.72
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NORTH CAROLINA

All counties	\$0.73
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NORTH DAKOTA

County	Rate per bushel	County	Rate per bushel
Adams	\$0.53	McLean	\$0.51
Barnes	.54	Mercer	.51
Benson	.52	Mountrail	.50
Billings	.52	Morton	.52
Bottineau	.51	Nelson	.53
Bowman	.53	Oliver	.52
Burke	.50	Pembina	.52
Burleigh	.53	Pierce	.51
Cass	.54	Ramsey	.52
Cavalier	.52	Ransom	.54
Dickey	.54	Renville	.51
Divide	.50	Richland	.54
Dunn	.51	Rolette	.51
Eddy	.53	Sargent	.54
Emmons	.53	Sheridan	.52
Foster	.53	Sioux	.53
Golden Valley	.52	Slope	.52
Grand Forks	.53	Stark	.52
Grant	.52	Steele	.53
Griggs	.53	Stutsman	.54
Hettinger	.52	Towner	.52
Kidder	.53	Traill	.53
La Moure	.54	Walsh	.52
Logan	.53	Ward	.51
McHenry	.51	Wells	.52
McIntosh	.53	Williams	.50
McKenzie	.51		

OHIO

Adams	\$0.70	Licking	\$0.67
Allen	.66	Logan	.67
Ashland	.67	Lorain	.68
Ashtabula	.71	Lucas	.66
Athens	.71	Madison	.67
Auglaize	.66	Mahoning	.71
Belmont	.72	Marion	.67
Brown	.69	Medina	.69
Butler	.66	Meigs	.71
Carroll	.71	Mercer	.65
Champaign	.67	Miami	.66
Clark	.67	Monroe	.72
Clermont	.68	Montgomery	.66
Clinton	.68	Morgan	.71
Columbiana	.71	Morrow	.67
Coshocton	.69	Muskingum	.70
Crawford	.67	Noble	.71
Cuyahoga	.69	Ottawa	.67
Darke	.65	Paulding	.65
Defiance	.65	Perry	.69
Delaware	.67	Pickaway	.67
Erie	.67	Pike	.70
Fairfield	.67	Portage	.70
Fayette	.67	Preble	.65
Franklin	.67	Putnam	.66
Fulton	.66	Richland	.67
Gallia	.71	Ross	.68
Gauga	.70	Sandusky	.67
Greene	.67	Scioto	.70
Guernsey	.71	Seneca	.67
Hamilton	.67	Shelby	.66
Hancock	.66	Stark	.70
Hardin	.66	Summit	.69
Harrison	.71	Trumbull	.71
Henry	.66	Tuscarawas	.70
Highland	.69	Union	.67
Hocking	.69	Van Wert	.65
Holmes	.69	Vinton	.70
Huron	.67	Warren	.67
Jackson	.70	Washington	.72
Jefferson	.72	Wayne	.69
Knox	.67	Williams	.66
Lake	.70	Wood	.66
Lawrence	.70	Wyandot	.67

OKLAHOMA

All counties	\$0.69
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OREGON

County	Rate per bushel	County	Rate per bushel
Baker	\$0.65	Columbia	\$0.70
Benton	.70	Coos	.69
Clackamas	.70	Crook	.68
Clatsop	.70	Curry	.69

OREGON—Continued

County	Rate per bushel	County	Rate per bushel
Deschutes	\$.68	Malheur	\$.65
Douglas	.69	Marion	.70
Gilliam	.68	Morrow	.67
Grant	.67	Multnomah	.70
Harney	.66	Polk	.70
Hood River	.70	Sherman	.68
Jackson	.69	Tillamook	.70
Jefferson	.68	Umatilla	.66
Josephine	.69	Union	.66
Klamath	.67	Wallowa	.65
Lake	.67	Wasco	.68
Lane	.69	Washington	.70
Lincoln	.70	Wheeler	.68
Linn	.69	Yamhill	.70

PENNSYLVANIA

All counties..... \$0.72

RHODE ISLAND

All counties..... \$0.73

SOUTH CAROLINA

All counties..... \$0.73

SOUTH DAKOTA

County	Rate per bushel	County	Rate per bushel
Armstrong	\$.54	Jackson	\$.54
Aurora	.55	Jerauld	.55
Beadle	.55	Jones	.54
Bennett	.55	Kingsbury	.55
Bon Homme	.56	Lake	.55
Brookings	.56	Lawrence	.53
Brown	.54	Lincoln	.57
Brule	.55	Lyman	.54
Buffalo	.55	McCook	.55
Butte	.53	McPherson	.53
Campbell	.53	Marshall	.54
Charles Mix	.55	Meade	.53
Clark	.54	Mellette	.55
Clay	.58	Miner	.55
Codington	.54	Minnehaha	.56
Corson	.53	Moody	.56
Custer	.56	Pennington	.54
Davison	.55	Perkins	.53
Day	.54	Potter	.53
Deuel	.56	Roberts	.54
Dewey	.53	Sanborn	.55
Douglas	.55	Shannon	.56
Edmunds	.53	Spink	.54
Fall River	.56	Stanley	.54
Faulk	.53	Sully	.54
Grant	.55	Todd	.55
Gregory	.55	Tripp	.55
Haakon	.54	Turner	.57
Hamlin	.55	Union	.58
Hand	.54	Walworth	.53
Hanson	.55	Washabaugh	.55
Harding	.53	Washington	.54
Hughes	.54	Yankton	.57
Hutchinson	.56	Ziebach	.53
Hyde	.54		

TENNESSEE

All counties..... \$0.73

TEXAS

All counties..... \$0.71

UTAH

All counties..... \$0.72

VERMONT

All counties..... \$0.73

VIRGINIA

All counties..... \$0.72

WASHINGTON

County	Rate per bushel	County	Rate per bushel
Adams	\$.65	Douglas	\$.67
Asotin	.65	Ferry	.66
Benton	.67	Franklin	.65
Chelan	.68	Garfield	.65
Clallam	.70	Grant	.66
Clark	.70	Grays Harbor	.70
Columbia	.65	Island	.70
Cowlitz	.70	Jefferson	.70

WASHINGTON—Continued

County	Rate per bushel	County	Rate per bushel
King	\$.70	Skagit	\$.70
Kitsap	.70	Skamania	.70
Kittitas	.68	Snohomish	.70
Klickitat	.68	Spokane	.64
Lewis	.70	Stevens	.64
Lincoln	.65	Thurston	.70
Mason	.70	Wahkiakum	.70
Okanogan	.68	Walla Walla	.65
Pacific	.70	Whatcom	.70
Pend Oreille	.63	Whitman	.64
Pierce	.70	Yakima	.68
San Juan	.70		

WEST VIRGINIA

All counties..... \$0.73

WISCONSIN

County	Rate per bushel	County	Rate per bushel
Adams	\$.63	Marathon	\$.63
Ashland	.63	Marquette	.64
Barron	.61	Marquette	.63
Bayfield	.62	Milwaukee	.65
Brown	.62	Monroe	.63
Buffalo	.61	Oconto	.63
Burnett	.61	Oneida	.64
Calumet	.62	Outagamie	.62
Chippewa	.62	Ozaukee	.64
Clark	.62	Peplin	.61
Columbia	.63	Pierce	.61
Crawford	.64	Polk	.61
Dane	.64	Portage	.63
Dodge	.63	Price	.63
Door	.62	Racine	.65
Douglas	.61	Richland	.64
Dunn	.62	Rock	.64
Eau Claire	.62	Rusk	.62
Florence	.64	Saint Croix	.61
Fond du Lac	.62	Sauk	.64
Forest	.64	Sawyer	.62
Grant	.64	Shawano	.63
Green	.64	Sheboygan	.63
Green Lake	.63	Taylor	.63
Iowa	.65	Trempealeau	.62
Iron	.64	Vernon	.63
Jackson	.63	Vilas	.64
Jefferson	.64	Walworth	.64
Juneau	.63	Washburn	.61
Kenosha	.65	Washington	.64
Kewaunee	.62	Waukesha	.65
LaCrosse	.62	Waupaca	.63
LaFayette	.65	Waushara	.63
Langlade	.63	Winnebago	.62
Lincoln	.63	Wood	.63
Manitowoc	.62		

WYOMING

All counties..... \$0.62

(b) *Premiums and discounts* — (1) *Farm storage.* In the case of eligible oats placed under farm-storage loan the discounts in this paragraph shall be applicable to the basic rate at the time the loan is completed. Applicable premiums for grade and test weight shall not be applied until time of settlement. In the case of eligible oats delivered from farm storage under purchase agreement, the applicable premiums and discounts shall be applied to the basic rate at the time of settlement.

(2) *Warehouse storage.* In the case of warehouse-storage loans, the applicable premiums and discounts for eligible oats shall be applied to the basic rate at the time the loan is completed. In the case of eligible oats represented by warehouse receipts tendered to CCC under purchase agreements, the applicable premiums and discounts shall be applied to the basic rate at the time of settlement.

(3) *Schedule of premiums and discounts.*

Premiums:	Cents per bushel
Grade No. 2 or better	1
Test Weight:	
Heavy	1
Extra Heavy	2
Discounts:	
Grade No. 4 on the factor of test weight only but otherwise No. 3 or better	1
Garlicky	3

(Sec. 4, 62 Stat. 1070, as amended; 15 U.S.C. 714b. Interpret or apply sec. 5, 62 Stat. 1072, sec. 105, 401, 63 Stat. 1051, as amended, 15 U.S.C. 714c; 7 U.S.C. 1421, 1441, 1442)

Effective upon publication in the FEDERAL REGISTER.

Signed at Washington, D.C., on May 22, 1961.

H. D. GODFREY,
Executive Vice President,
Commodity Credit Corporation.

[F.R. Doc. 61-4923; Filed, May 25, 1961; 8:50 a.m.]

[1961 C.C.C. Grain Price Support Bulletin 1, Supp. 1, Rice]

PART 421—GRAINS AND RELATED COMMODITIES

Subpart—1961-Crop Rice Loan and Purchase Agreement Program

A price support program has been announced for the 1961 crop of rough rice (hereinafter referred to as rice). The 1961 C.C.C. Grain Price Support Bulletin 1 (26 F.R. 2106) issued by the Commodity Credit Corporation and containing the regulations of a general nature with respect to price support operations for certain grains and other commodities produced in 1961, is supplemented as follows:

Sec.	Purpose.
421.437	Availability of price support.
421.438	Cooperative marketing associations.
421.439	Eligible rice.
421.440	Bagged and bulk rice.
421.441	Warehouse receipts.
421.442	Determination of quantity.
421.443	Determination of quality.
421.444	Maturity of loans.
421.445	Support rates.
421.446	Warehouse charges.
421.447	Settlement.

AUTHORITY: §§ 421.436 to 421.447 issued under sec. 4, 62 Stat. 1070 as amended; 15 U.S.C. 714b. Interpret or apply sec. 5, 62 Stat. 1072, sec. 101, 401, 63 Stat. 1051, 1054; sec. 302, 72 Stat. 988; 73 Stat. 178; 15 U.S.C. 714c, 7 U.S.C. 1421, 1441.

§ 421.436 Purpose.

Sections 421.436 to 421.447 state additional specific requirements which, together with the general requirements contained in 1961 C.C.C. Grain Price Support Bulletin 1 (§§ 421.101 to 421.123) comprise the regulations governing loans and purchase agreements under the 1961-Crop Rice Price Support Program.

§ 421.437 Availability of price support.

(a) *Area.* Farm-storage and warehouse-storage loans and purchase agree-

ments will be available to eligible producers on eligible rice produced in the States of Arizona, Arkansas, California, Florida, Illinois, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, and Texas, except that farm-storage loans will not be available in areas of States where the State committee determines the rice cannot be safely stored on the farm.

(b) *Where to apply.* Application for rice price support must be made at the office of the county committee which keeps the farm program records for the farm. In the case of eligible cooperative marketing associations of producers, application for price support shall be made in the county where the main office of the cooperative marketing association of producers is located or in such other county as the State committee determines the application can be more expeditiously handled.

(c) *When to apply.* Loans and purchase agreements will be available from time of harvest through January 31, 1962, and the applicable documents must be signed by the producer and delivered to the county committee not later than such date. Applicable documents referred to herein include the producer's note and loan agreement for warehouse-storage loans, the producer's note and supplemental loan agreement and the commodity chattel mortgage for farm-storage loans and purchase agreement for purchase agreements.

§ 421.438 Cooperative marketing associations.

A cooperative marketing association which satisfies the requirements of this section shall be deemed an eligible producer and shall be eligible for rice price support through warehouse-storage loans and purchase agreements on eligible rice as defined in § 421.439: *Provided*, That warehouse-storage loans may be made to an association which tenders to CCC warehouse receipts issued by it on its own rice only in those States where the issuance and pledge of such warehouse receipts are valid under State law.

(a) The association must be a producer-owned cooperative marketing association of producers under the control of its producer-members.

(b) All eligible rice delivered to the association by producer-members must be marketed through the association pursuant to a uniform marketing agreement between the association and each of its producer-members who delivered such eligible rice.

(c) The major part of the rice marketed by the association must be eligible rice produced by members who are eligible producers.

(d) The association must have authority to obtain a loan on the security of the rice and to give a lien thereon as well as authority to sell such rice.

(e) The association must maintain a record by varieties, grades, and milling yields of the quantities of rice eligible for price support under § 421.439, acquired by or delivered to the association from each source, and such record must show the disposition of the rice. Similar records must be maintained separately

for rice not eligible for price support under § 421.439. The association must keep in inventory at all times a quantity of rice of the varieties, average grades and milling yields equal to its outstanding warehouse receipts. Rice stored modified commingled or identity preserved must be stored separately by lot and so kept in storage so long as receipts for such rice are outstanding.

(f) Before the association applies for rice price support or December 1, 1961, whichever is earlier, the association must set aside in physically segregated storage separate from all other rice a quantity of each variety of rice of the 1961 crop equivalent in quantity and quality to the eligible rice of the 1961 crop which was delivered by eligible producer-members and which remains undisposed of in its inventory at the time of such segregation. Such segregated rice shall be considered as eligible rice meeting the requirements of § 421.439. Eligible rice which is received by the association on or after the date of such segregation shall also be set aside in physically segregated storage and may be included with quantities of eligible rice previously segregated.

(g) Price support may be obtained by the association only on the quantity of the eligible rice, segregated in accordance with paragraph (f) of this section.

(h) Proceeds from the disposition of all rice eligible for price support, disposed of by marketing or by delivery to CCC under loan or purchase agreement or both, shall be distributed by the association to only the eligible producer-members who delivered such eligible rice to the association and only on a basis which results in the proceeds being distributed proportionally to such producer-members according to the quantity and quality of such eligible rice delivered by each eligible producer-member. This provision shall not be construed to prohibit the association from establishing separate pools and distributing the proceeds proportionally to the producer-members whose rice is included in each pool.

(i) Rice held by the association must be made available for inspection by CCC at all reasonable times so long as the association has rice under price support and the books and records of the association must be available to CCC for inspection at all reasonable times through May 1, 1967.

(j) Notwithstanding the requirements of paragraph (a) of this section that the association shall consist of producers, a cooperative marketing association, which includes in its membership other cooperative marketing associations composed of producer-members, shall be eligible for price support if its member associations meet the requirements for price support under this section, except that the requirements in paragraph (d) of this section shall be deemed to be satisfied if such member associations have the right to deliver rice of their producer-members to the association applying for price support and to authorize such association to sell the rice and to obtain a loan on the security of

the rice and to give a lien thereon. The association applying for price support shall (1) in its charter, by-laws, marketing contracts or by other legal means require that its member associations meet such requirements for price support, (2) certify to CCC that its member associations are in fact eligible for price support under such requirements, and (3) except for the requirement that it consist of producers, otherwise qualify for price support under this paragraph.

(k) Determinations with respect to the eligibility of cooperative marketing associations of producers pursuant to this section for either warehouse-storage loans or purchase agreements, or both, shall be made by the Executive Vice President, CCC.

§ 421.439 Eligible rice.

Rice to be eligible for price support must meet the following requirements:

(a) The rice must have been produced in 1961 by an eligible producer on a farm on which the rice acreage allotment was not exceeded.

(b) (1) The beneficial interest in the rice must be in the eligible producer tendering the rice for loan or for purchase under a purchase agreement and must always have been in him, or must have been in him and a former producer whom he succeeded before the rice was harvested.

(2) In the case of cooperative marketing associations, the beneficial interest in the rice must have been in the eligible producer members who delivered the rice to the association or to member associations meeting the requirements of § 421.438(j) and must have always been in them or in them and former producers whom they succeeded before the rice was harvested. Rice acquired by a cooperative marketing association shall not be eligible for price support if the producer-members who delivered the rice to the association or to a member association do not retain the right to share proportionately in the proceeds from the marketing of the rice as provided in § 421.438(h). Rice acquired by the association other than from producer members and other than from member associations is not eligible for price support.

(3) Any producer or association in doubt as to whether the requirements of this paragraph have been fulfilled should make available to the county committee prior to filing an application, all pertinent information which will permit a determination to be made by CCC.

(4) To meet the requirements of succession to a former producer, the rights, responsibilities and interest of the former producer with respect to the farming unit on which the rice was produced shall have been substantially assumed by the person claiming succession. Mere purchase of the crop prior to harvest, without acquisition of any additional interest in the farming unit shall not constitute succession. The county committee shall determine whether the requirements with respect to succession have been met.

(c) The rice must be of one of the classes within the Official Standards of

the United States for Rough Rice other than "mixed rough rice."

(d) The rice, at the time it is placed under loan or purchased under purchase agreement, must (1) grade U.S. No. 5 or better (rice of special grades shall not be eligible rice); (2) contain not more than 14 percent moisture; and (3) must not contain mercurial compounds or other substances poisonous to man or animals.

(e) If offered as security for a farm-storage loan, the rice must have been stored in the granary at least 30 days prior to its inspection for measurement, sampling, and sealing, unless otherwise approved by the ASC State Committee.

§ 421.440 Bagged and bulk rice.

Rice may be either in bags or in bulk when a loan is obtained or when rice is purchased under a purchase agreement.

(a) *Farm storage.* (1) Loans on farm-stored rice will be made on a bagged or bulk basis in accordance with the manner in which the rice is stored.

(2) Settlement with respect to farm-stored rice acquired by CCC in bulk under loan or purchase agreement shall be on the basis of the net weight of the bulk rice acquired by CCC.

(3) Settlement with respect to Farm-stored rice acquired by CCC in bags under loan or purchase agreement shall be on the basis of the combined weight of the rice and bags acquired by CCC, and title to the bags shall pass with the rice. CCC shall not otherwise pay any amounts representing the value of the bags.

(b) *Approved warehouse storage.* (1) In the case of rice in approved warehouse storage, loans shall be made and rice under purchase agreement shall be acquired on a bagged or bulk basis in accordance with the manner in which the rice is to be loaded out by the warehouseman as indicated on the warehouse receipt. Therefore, if a loan is made on the basis of loading out the rice in bags, the rice must be in bags at the time of load out by the warehouseman and, if a loan is made on the basis of loading out the rice in bulk, the rice must be in bulk at the time of load out by the warehouseman.

(2) Settlement with respect to rice in approved warehouse storage acquired by CCC under loans or purchase agreements, which the warehouseman is required to load out in bulk shall be on the basis of the net weight of bulk rice acquired by CCC under loan or purchase agreements.

(3) Settlement with respect to rice in approved warehouse storage, acquired by CCC under loans or purchase agreements, which the warehouseman is required to load out in bags shall be on the basis of the combined weight of the rice and bags, and title to the bags shall pass with the rice, except that, if the rice is not in bags at the time of acquisition by CCC, title to the bags shall pass to CCC at the time of load out. CCC shall not otherwise pay any amounts representing the value of the bags. In the event any person should successfully dispute the passing of title to the bags, the producer shall indemnify CCC for any loss sustained by reason thereof.

§ 421.441 Warehouse receipts.

(a) Warehouse receipts must be issued in the name of the producer or co-operative marketing association, must be properly endorsed in blank so as to vest title in any holder, and must be issued by an approved warehouse as defined in § 421.107(b)(1). The receipts must be negotiable, must cover eligible rice actually in store in the warehouse and must clearly indicate whether the rice is stored in bulk or in bags (sacks), and whether the rice is to be delivered in bulk or in bags (sacks). Under the uniform rice storage agreement, the warehouseman guarantees the quantity and quality of the rice unless the warehouse receipts or accompanying supplemental certificates state that the rice is stored "identity preserved" or "modified commingled." In the case of rice stored identity preserved, the warehouseman is not a guarantor but is required to load out the identical rice for which the warehouse receipt was issued. In the case of rice stored modified commingled, the warehouseman guarantees quantity but not quality and the rice is stored in one lot, the identity of which the warehouseman is required to maintain. The warehouse receipts or accompanying supplemental certificates representing rice stored modified commingled shall contain the following statement:

Modified commingled means the storage or handling of rice in bulk or in bags by commingling in one lot rice of a single class and of a similar grade and quality, in such manner that rice actually deposited in that lot prior to a sample being drawn for quality determination, and no other, may be delivered to the holder of each warehouse receipt issued with respect to such rice.

(b) If the receipt is issued for rice of which the warehouseman is the owner either solely, jointly, or in common with others, the fact of such ownership shall be stated on the receipt. Such receipts shall also be registered or recorded with appropriate State or local officials when required by State law.

(c) In order to be acceptable as security for a warehouse-storage loan, each warehouse receipt, or the accompanying supplemental certificate, must contain a statement that the rice is insured to the extent required by CCC Form 26, "Uniform Rice Storage Agreement," and if such insurance was not effective as of the date of deposit of the rice in the warehouse, the warehouseman must certify as to the effective date of the insurance and that the rice is in the warehouse and undamaged. Insurance on commingled and modified-commingled rice must be obtained by the warehouseman. Insurance on identity-preserved rice must be obtained by either the producer or the warehouseman. If the insurance on identity-preserved rice is obtained by the producer, it must be assigned to the warehouseman, with the consent of the insurance company, before a loan will be made and the warehouseman must also certify that the insurance has been assigned to him with the consent of the insurance company. Insurance is not required in order for rice represented by warehouse receipts to be purchased under the purchase agreement program.

(d) A supplemental certificate will be required to be executed in duplicate when all of the following information is not contained in the warehouse receipt or inspection certificate: Variety, grade, grade factors, milling yield, moisture, gross and net weight, method of storage, manner in which the rice will be delivered (bulk or bagged), and manner by which the rice was received. When required, the supplemental certificate (completed for all items) shall be executed by the warehouseman for commingled rice, by the warehouseman and producer for modified-commingled rice and by the producer for identity-preserved rice.

(e) When the warehouse receipt represents identity-preserved rice, the producer's responsibility will be the same as stated in § 421.116 for farm-stored rice. The producer's responsibility for modified-commingled rice shall be the same as stated in § 421.116 for farm-stored rice except that he shall not be responsible for the quantity.

(f) A separate warehouse receipt must be submitted for each class or variety, grade, and milling yield of rice.

(g) Warehouse receipts covering rice which is in approved warehouse storage on or before the applicable maturity date for loans and which is to be placed under loan or acquired by CCC under purchase agreement must carry an endorsement by the warehouseman in substantially the following form:

Warehouse charges through (insert the applicable maturity date for loans for the State where stored), including, but not limited to, receiving and loading out charges accrued or to accrue, and all other charges incident to the acquisition of the rice by CCC, on the rice represented by this warehouse receipt have been paid or otherwise provided for and a lien for such charges will not be claimed by the warehouseman from CCC or any subsequent holder of the warehouse receipt. If the rice represented by this warehouse receipt is to be loaded out in bags (sacks), the warehouseman agrees that any and all right, title, and interest which he has in such bags (sacks) shall pass with the rice when such rice is acquired under the price support program or shall pass at the time the rice is loaded out, if the rice is not in bags at the time of acquisition by CCC.

(h) The warehouse receipt shall not contain any statement indicating that the quantity is subject to a shrinkage factor.

§ 421.442 Determination of quantity.

(a) Loans and purchase agreements shall be made on the basis of rice expressed in units of 100 pounds and fractional units of less than 100 pounds shall be disregarded except that in the case of loans made on the basis of commingled warehouse receipts the exact weight shown on the warehouse receipt shall be used. The quantity of rice placed under farm-storage loan may be determined either by weight or by measurement. The quantity of rice placed under a warehouse-storage loan shall be determined on the basis of weight. Determination of the quantity of rice delivered under a farm-storage loan, or for making settlement on an identity-preserved warehouse-storage loan or

under a purchase agreement shall be on the basis of weight.

(b) In determining the quantity of bagged rice by weight, the gross weight, including bags, shall be used. When necessary to convert bagged rice to a bulk basis or bulk rice to a bagged basis, an adjustment of 0.6 pound for 100 pounds of gross weight shall be made as allowance for the weight of the bag.

(c) When the quantity of rice is determined by measurement, a cubic foot of rice testing 45 pounds per bushel, shall be 36 pounds. The quantity determined will be the following percentages of 36 pounds:

For rice testing:	Percent
45 pounds or over-----	100
44 pounds or over, but less than 45 pounds-----	98
43 pounds or over, but less than 44 pounds-----	96
42 pounds or over, but less than 43 pounds-----	93
41 pounds or over, but less than 42 pounds-----	91
40 pounds or over, but less than 41 pounds-----	89

The percentages shall be proportionately lower for rice testing below 40 pounds.

(d) In the case of commingled rice, loans will be made and settlement with the producer will be made on 100 percent of the quantity of the rice determined in accordance with this section, based on the quantity shown on the warehouse receipt or the supplemental certificate. In all other cases, loans will be made on 95 percent of the quantity of rice determined in accordance with this section and the determination of quantity for settlement purposes will be made on the basis of the actual quantity acquired by CCC, except that in the case of rice stored modified commingled, the determination of quantity for settlement purposes will be made on the basis of 100 percent of the quantity shown on the warehouse receipt or the supplemental certificate.

(e) In the case of rice under purchase agreement, the producer shall, at the time he notifies the county committee of his intention to sell rice to CCC, specify the quantity of each class or variety of rice included in the total quantity to be sold.

§ 421.443 Determination of quality.

(a) The class, grade, grade factors, milling yield and all quality factors for price support purposes shall be determined in accordance with the methods set forth in the Official United States Standards for Rough Rice.

(b) Loans, in the case of commingled rice, will be made and settlement with the producer, either on loans or purchase agreements, will be on the basis of the quality shown on the warehouse receipt or supplemental certificate. In all other cases, loans will be made on the basis of quality shown on the official (Federal or Federal-State) sample inspection certificate, based on a representative sample drawn by the county committee for each lot of rice at the time application is made for the loan and settlement with the producer, both with respect to loans and purchase agreements, will be on the basis of quality

determined by a Federal or Federal-State lot inspection certificate dated not earlier than 30 days prior to the applicable maturity date for loans and submitted by the producer in accordance with the settlement provisions of this bulletin. Sample inspection fees incurred by the county committee in connection with the making of loans will be for the account of CCC. Lot inspection fees incurred in connection with the acquisition of rice by CCC will be for the account of the producer.

§ 421.444 Maturity of loans.

Unless demand is made earlier, loans on rice will mature on April 15, 1962.

§ 421.445 Support rates.

Loans and purchases under purchase agreement will be made at the support rates set forth in this section.

(a) *Basic rates.* The basic support rate per 100 pounds of rice shall be computed as follows: Multiply the yield (in pounds per hundredweight) of head rice by the applicable value factor for head rice (as shown in the table below according to class or variety). Similarly, multiply the difference between the total yield and head rice yield (in pounds per hundredweight) by the applicable value factor for broken rice. Add the results of these two computations to obtain the basic loan or purchase rate per 100 pounds of rice and express such rate in dollars and cents, rounded to the nearest whole cent.

VALUE FACTORS FOR HEAD AND BROKEN RICE¹

Group	Rough rice class or variety	Head rice	Broken rice
I	Patna (except the variety Century Patna), and Rexoro (except the variety Rexark).	-----	-----
II	Blue Bonnet, Nira, and Rexark.	-----	-----
III	Century Patna, Toro, Fortuna, R.N., and Edith.	-----	-----
IV	Blue Rose (including the varieties Improved Blue Rose, Greater Blue Rose, Kamrose, and Arkrose), Calrose, Guilrose, Lacrosse, Magnolia, Nato, Zenith, (including the varieties Gold Zenith, and Golden Rose), Prelude, and Lady Wright.	-----	-----
V	Pearl, Early Prolific, Calady and other varieties.	-----	-----

¹ The value factors will be published as an amendment to this section shortly after Aug. 1, 1961.

(b) *Premiums and discounts.* The basic support rates, determined under paragraph (a) of this section, per 100 pounds of rice shall be adjusted by the following premium or discount for the grade applicable to an individual lot of rice:

Grade U.S. No. 1: Premium of 20 cents per 100 pounds.
Grade U.S. No. 2: Premium of 10 cents per 100 pounds.
Grade U.S. No. 3: Discount of 5 cents per 100 pounds.
Grade U.S. No. 4: Discount of 20 cents per 100 pounds.
Grade U.S. No. 5: Discount of 40 cents per 100 pounds.

(c) *Location differentials.* For rice produced in the following areas, discounts for location (to adjust for transportation costs of moving the rice to an

area where competitive milling facilities are available) shall be applied to the basic support rate determined under paragraph (a) of this section and shall be in addition to any adjustment in accordance with paragraph (b) of this section: *Provided, however,* That such location differentials shall not apply to rice produced in these areas if the rice is transported to a rice-producing area where no location differential is applicable and is there placed under loan or delivered to CCC under a purchase agreement:

Area	Discount per 100 pounds
State of Florida-----	\$0.97
States of South Carolina and North Carolina-----	.93
Counties of Lafayette, Little River, and Miller in Arkansas; Bowie in Texas; McCurtain in Oklahoma; and Bossier Parish in Louisiana-----	.425
Imperial County, California, and adjacent counties in Arizona and California-----	.96
Counties of Holt, Lewis, Lincoln, Marion, Pike, and St. Charles in Missouri and Adams in Illinois--	.575

§ 421.446 Warehouse charges.

(a) CCC will refund to the producer an amount computed at the rate of 8 cents per hundred pounds as compensation for any receiving and loading out charges paid by the producer on rice stored in an approved warehouse on or before loan maturity date and acquired by CCC in such approved storage.

(b) CCC will assume receiving charges on (1) rice delivered under the price support program to an approved warehouse for the account of CCC in satisfaction of a farm-storage loan, and (2) rice delivered under the price support program after loan maturity date to an approved warehouse for the account of CCC pursuant to a purchase agreement and acquired by CCC.

(c) CCC will assume warehouse-storage charges accruing on and after the day following the loan maturity date on rice which is in approved warehouse storage on the maturity date for loans and acquired by CCC under a warehouse-storage loan or under a purchase agreement.

(d) CCC will assume warehouse-storage charges from and after the date of completion of deposit of the rice in the warehouse on (1) rice delivered under the price support program to an approved warehouse for the account of CCC in satisfaction of a farm-storage loan, and (2) rice delivered from other than approved warehouse storage under the price support program to an approved warehouse after loan maturity date for the account of CCC pursuant to a purchase agreement and acquired by CCC.

(e) Fees for inspection and weighing and any special charges assessed by the warehouseman shall be for the account of the producer.

§ 421.447 Settlement.

(a) *General.* Rice is eligible for delivery under farm-storage-loans and for acquisition under warehouse-storage loans if it is covered by the loan documents and was eligible to be placed under

loan at the time the loan was made. The making of any fraudulent representation by the producer, in connection with settlement or deliveries under a loan shall render the producer personally liable, aside from any additional liability under criminal and civil frauds statutes, for the amount of the loan, for any additional amounts paid to the producer on the rice, and for all costs which CCC would not have incurred had it not been for the producer's fraudulent representation, together with interest at the rate of 6 percent per annum on such amounts from the date of disbursement. For the purpose of establishing any deficiency remaining due in the event the producer has made any such fraudulent representation, the value of the rice acquired by CCC under the loan shall be the market value, as determined by CCC, on the date of delivery or removal in the case of farm storage loans or the market value of the rice as of the close of the market on the final date for repayment in the case of warehouse storage loans, or in the case of both farm storage and warehouse storage loans the sales price if the rice is sold by CCC in order to determine its market value. If the producer has made a fraudulent representation in a sale under a purchase agreement or in the purchase agreement documents, he shall be personally liable, aside from any additional liability under criminal or civil frauds statutes, for any loss which CCC sustains upon the rice delivered under the purchase agreement. For the purpose of this program, such loss shall be deemed to be the price paid to the producer on the rice delivered under the purchase agreement plus all costs sustained by CCC in connection with the rice, together with interest at the rate of 6 percent per annum from the date of disbursement, less the market value, as determined by CCC, of the rice as of the close of the market on the date of delivery, or the sales price if the rice is sold in order to determine its market value.

(b) *Farm-storage loans.* (1) In order that settlement of loans on farm-stored rice may be made, the producer shall, at his own expense at the time of delivery of the rice, furnish to the county committee official weight certificates, and Federal or Federal-State lot inspection certificates dated not earlier than 30 days prior to the applicable maturity date, covering the rice. Settlement on such loans will be made at the applicable support rate for the grade and quality of the quantity of rice as shown by such weight certificates and inspection certificates except as provided in paragraphs (a), (e) and (f) of this section.

(2) If rice placed under farm-storage loan in an area where a location differential is in effect, is delivered to CCC by the producer in satisfaction of the loan in a rice producing area where no location differential is applicable, settlement will be made on the basis of the applicable support rate for the area where the rice is delivered.

(c) *Identity-preserved warehouse-storage loans.* In order that settlement of loans on identity-preserved warehouse-stored rice not repaid by maturity may be made, the producer shall, at his

own expense and within 10 days after maturity, furnish to the county committee official weight certificates and Federal or Federal-State lot inspection certificates dated not earlier than 30 days prior to the applicable maturity date, covering the rice. Settlement on such loans will be made at the applicable support rate for the grade and quality of the quantity of rice as shown by such weight certificates and inspection certificates except as provided in paragraphs (a), (e) and (f) of this section.

(d) *Modified-commingled warehouse-storage loans.* In order that settlement of loans on modified-commingled warehouse-storage rice not repaid by maturity may be made, the producer shall, at his own expense and within 10 days after maturity, furnish to the county committee a Federal or Federal-State lot inspection certificate dated not earlier than 30 days prior to the applicable maturity date, covering the lot of rice acquired by CCC which must have been taken from the modified-commingled lot against which the warehouse receipt representing the rice under loan was issued. Settlement on such loans shall be made at the applicable support rate for the grade and quality of rice as shown on the inspection certificate and for the quantity shown on the warehouse receipt except as provided in paragraphs (a), (e) and (f) of this section.

(e) *Cases where official weight and lot inspection certificates are not required.*

(1) Notwithstanding the provisions of paragraphs (b), (c) and (d) of this section, if, at the time of delivery to CCC of the rice under farm-storage loan, or at the time of acquisition by CCC of rice covered by an identity-preserved or modified-commingled warehouse-storage loan, the warehouseman, with the agreement of the producer, issues a commingled warehouse receipt covering the rice, weight and lot inspection certificates will not be required and settlement with the producer will be made at the applicable support rate for the quantity and quality of rice shown on the commingled warehouse receipt except as provided in paragraphs (a) and (f) of this section.

(2) Notwithstanding the provisions of paragraphs (c) and (d) of this section, if CCC determines that the warehouseman failed to maintain the identity of rice covered by an identity-preserved warehouse-storage loan or the identity of any lot of rice covered by a modified-commingled warehouse-storage loan, the producer will not be required to furnish weight and inspection certificates for the rice covered by the identity-preserved warehouse-storage loan, or lot inspection certificates for the rice covered by the modified-commingled loan, and settlement with the producer will be made at the applicable support rate for the quantity and quality of rice shown on the warehouse receipt and supporting documents except as provided in paragraph (a) of this section.

(f) *Settlement for rice of ineligible quality.* In the case of fraud on the part of the producer, the provisions of paragraph (a) of this section shall apply. In the absence of fraud on the part of

the producer, the provisions of subparagraphs (1) and (2) of this paragraph shall apply.

(1) If the inspection certificate for rice delivered under farm-storage loan, identity-preserved warehouse-storage loan or modified-commingled warehouse-storage loan, or where applicable, the commingled warehouse receipt for rice originally farm-stored, or stored identity-preserved or modified-commingled in an approved warehouse, shows that the rice is of a grade for which no support rate has been established, the settlement value shall be computed by using the price support premiums and discounts shown in C.C.C. Grain Price Support Bulletin 1, Supplement 1, Rice, to the extent they apply and in addition the amount of the market discount, if any, as determined by the appropriate CSS commodity office, for the quality by which the rice is lower than the quality for which such price support discounts are established: *Provided, however,* That if such rice is sold by CCC in order to determine its market price, the settlement value shall not be less than such sales price. Where rice of an ineligible quality is inadvertently accepted by CCC under purchase agreement, such rice shall be sold by CCC in order to determine its market price, and the settlement value shall not be less than such sales price.

(2) If upon delivery the rice under farm-storage loan, or identity-preserved or modified-commingled warehouse-storage loan, contains mercurial compounds or other substances poisonous to man or animals, or where the rice delivered under purchase agreement contains mercurial compounds or other substances poisonous to man or animals and is inadvertently accepted by CCC, such rice shall be sold for seed (in accordance with applicable State seed laws and regulations), fuel, or industrial uses where the end product will not be consumed by man or animals, and the settlement value shall be the same as the sales price, except that if CCC is unable to sell such rice for the uses specified above, the settlement value shall be the market value of such rice, as determined by CCC, as of the date of delivery. Nothing contained in this section shall be construed to waive or modify any rights of CCC or of the United States arising out of the pledge for a loan or the sale under a purchase agreement of rice containing a mercurial compound or other substance poisonous to man or animals.

(g) *Commingled warehouse-storage loans.* Settlement will be made with the producer at the applicable support rate for the quantity and quality of rice shown on the warehouse receipt and accompanying documents except as provided in paragraph (a) of this section.

(h) *Purchase agreements.* (1) The producer who signs a purchase agreement (Commodity Purchase Form 1) will not be obligated to sell any quantity of the rice to CCC. However, he may sell to CCC any quantity of eligible rice not in excess of the quantity stated in the purchase agreement. If the producer who signs a purchase agreement wishes to sell the rice to CCC, he will

have a 30-day period during which he must notify the county committee in writing of his intentions to sell. Such period shall end on the applicable loan maturity date specified in § 421.444 or such earlier date as may be prescribed by the Executive Vice President, CCC.

(2) In the case of eligible rice stored commingled in an approved warehouse, the producer must, not later than the day following the final date of such 30-day period or during such period of time thereafter as may be specified by the county committee, submit to the county committee warehouse receipts under which the warehouseman guarantees quality and quantity, for the quantity of rice he elects to sell to CCC. In the case of eligible rice stored in other than approved warehouse storage, or stored identity-preserved or modified-commingled in approved warehouse storage, the county committee will, on or after the final date of such 30-day period issue delivery instructions to the producer. The producer must then complete delivery within a 15-day period immediately following the date the county committee issues delivery instructions unless the county committee determines that more time is needed for delivery.

(3) The producer may be required to retain rice stored in other than approved warehouse storage for a period of 60 days after the applicable loan maturity date without any cost to CCC. CCC will not assume any loss in quantity or quality of rice covered by a purchase agreement, occurring prior to delivery to CCC, except for quality deterioration under the following circumstances. If a producer has properly requested delivery instructions and CCC cannot accept delivery within the 60-day period following the applicable loan maturity date, the producer may notify the county committee at any time after such 60-day period that the rice is going out of condition or is in danger of going out of condition. Such notice must be confirmed in writing. If the county committee determines that the rice is going out of condition or is in danger of going out of condition and that the rice cannot be satisfactorily conditioned by the producer, and delivery cannot be accepted within a reasonable length of time, the county committee shall obtain an inspection and grade and quality determination. If such inspection shows the rice to be of an eligible grade, settlement when delivery is completed shall be made on the basis of such grade and quality determination or on the basis of the grade and quality determination made at the time of delivery, whichever is higher, and on the basis of the quantity actually delivered, except as provided in paragraph (a) of this section.

(4) Eligible rice sold to CCC under a purchase agreement will be purchased at the applicable support rate for the grade and quality of the rice sold. CCC will accept modified commingled warehouse receipts under the purchase agreement program only when the entire quantity of rice in the modified-commingled lot against which the warehouse receipts was issued, is delivered to CCC in a

single unit. Otherwise, rice so stored must be removed from such storage and, if the producer desires to deliver warehouse receipts to CCC under the sale, new warehouse receipts representing the lot to be sold must be obtained from an approved warehouse. Where the rice sold to CCC is represented by modified commingled warehouse receipts, the producers shall at their expense, furnish to the county committee at the time of sale Federal or Federal-State lot inspection certificates covering the entire quantity of rice in the modified-commingled lot issued on a single date not earlier than 30 days prior to the applicable maturity date for loans, and settlement with each producer subject to the provisions of paragraph (a) of this section, will be made at the applicable support rate for the quality of rice shown on such inspection certificates and the quantity of rice shown on the warehouse receipt. Where the rice sold is represented by an identity-preserved warehouse receipt or is physically delivered to CCC, the producer shall, at his expense, furnish to the county committee at the time of sale official weight certificates and Federal or Federal-State lot inspection certificates dated not earlier than 30 days prior to the applicable maturity date for loans, and settlement with the producer, subject to the provisions of paragraph (a) of this section, will be made at the applicable support rate for the quantity and quality of rice shown on such weight and inspection certificates. Where the rice sold is represented by commingled warehouse receipts, inspection and weight certificates will not be required and settlement with the producer, subject to the provisions of paragraph (a) of this section, will be made at the applicable support rate for the quantity and quality of rice shown on the commingled warehouse receipt. When delivery is completed, payment will be made by sight draft drawn on CCC by the county office. The producer shall direct on Commodity Purchase Form 4 to whom payment of the proceeds shall be made.

(5) Where rice of an ineligible quality is inadvertently accepted by CCC, such rice shall be handled and settlement made therefor as provided in paragraph (f) (1) of this section for rice of an ineligible quality inadvertently accepted by CCC under purchase agreement. Where the rice contains mercurial compounds or other substances poisonous to man or animals and is inadvertently accepted by CCC, settlement for such rice shall be made as provided in paragraph (f) (2) of this section.

(6) If rice delivered under a purchase agreement is of an eligible grade and quality but in excess of the maximum quantity stated in the purchase agreement and such excess rice is inadvertently accepted by CCC, the settlement value shall be the sales price if the rice is immediately sold. If the rice is not immediately sold, the settlement value shall be the applicable support rate or the market price, as determined by CCC, whichever is lower.

(i) *Storage payment where CCC is unable to take delivery of rice stored in other than an approved warehouse under*

loan or purchase agreement. The producer may be required to retain rice stored in other than an approved warehouse under loan or purchase agreement for a period of 60 days after the applicable maturity date without any cost to CCC: However, if CCC is unable to take delivery of such rice within the 60-day period after maturity, the producer shall be paid a storage payment upon delivery of the rice to CCC: *Provided, however,* That a storage payment shall be paid to a producer whose rice is stored in other than an approved warehouse under purchase agreement only if he has properly given notice of his intention to sell the rice to CCC and delivery cannot be accepted within the 60-day period after maturity. The period for earning such storage payment shall begin the day following the expiration of the 60-day period after maturity and extend through the final date of delivery, or the final day for delivery as specified in the delivery instructions issued to the producer by the county office whichever is earlier. The storage payment shall be computed at the rate for identity-preserved warehouse stored rice as shown in the schedule of rates for the Uniform Rice Storage Agreement.

(j) *Weight or inspection certificates.* In any instance where the producer fails to furnish to CCC weight or inspection certificates required for settlement on loans, CCC may obtain such certificates. The cost incurred by CCC in obtaining such certificates and any other fees or expenses incurred in connection with settlement on loans shall be for the account of the producer.

Effective upon publication in the FEDERAL REGISTER.

Signed at Washington, D.C., on May 22, 1961.

E. A. JAENKE,
Acting Executive Vice President,
Commodity Credit Corporation.

[F.R. Doc. 61-4924; Filed, May 25, 1961;
8:50 a.m.]

Title 7—AGRICULTURE

Chapter IX—Agricultural Marketing Service and Commodity Stabilization Service (Marketing Agreements and Orders), Department of Agriculture

[Nectarine Order 5]

PART 937—NECTARINES GROWN IN CALIFORNIA

Limitation of Shipments

§ 937.326 Nectarine Order 5.

(a) *Findings.* (1) Pursuant to the marketing agreement and Order No. 37 (7 CFR Part 937) regulating the handling of nectarines grown in the State of California, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and upon the basis of the recommendations of the Nectarine Administrative Committee, established under the aforesaid market-

ing agreement and order, and upon other available information, it is hereby found that the limitation of shipments of nectarines of the varieties hereinafter set forth, and in the manner herein provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication thereof in the *FEDERAL REGISTER* (5 U.S.C. 1001-1011) in that, as hereinafter set forth, the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient; a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective not later than the date hereinafter specified. A reasonable determination as to the supply of, and the demand for, such nectarines must await the development of the crop thereof, and adequate information thereon was not available to the Nectarine Administrative Committee until the date hereinafter set forth on which an open meeting was held, after giving due notice thereof, to consider the need for, and the extent of, regulation of shipments of such nectarines. Interested persons were afforded an opportunity to submit information and views at this meeting; the recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after such meeting was held; shipments of the current crop of such nectarines are expected to begin on or about the effective date hereof; this section should be applicable to all such shipments in order to effectuate the declared policy of the act; the provisions of this section are identical with the aforesaid recommendation of the committee; and information concerning such provisions and effective time has been disseminated among handlers of such nectarines; and compliance with the provisions of this section will not require of handlers any preparation therefor which cannot be completed by the effective time hereof. Such committee meeting was held on May 18, 1961.

(b) *Order.* (1) During the period beginning at 12:01 a.m., P.s.t., June 2, 1961, and ending at 12:01 a.m., P.s.t., November 1, 1961, no handler shall handle any package or container of Princess, Panamint, Quetta, Rose, Early Sun Grand, Sun Grand, Star Grand I, Star Grand II, Red King, Sun Flame, or Grandandy nectarines unless:

(i) Such nectarines, when packed in a No. 26 standard lug box, or in a No. 27 standard lug box, are of a size that will pack, in accordance with the requirements of a standard pack, not more than 96 nectarines in the respective lug box; or

(ii) Such nectarines, when packed in any container other than in a No. 26

standard lug box, or in a No. 27 standard lug box, measure not less than two and one-eighth ($2\frac{1}{8}$) inches in diameter: *Provided*, That not to exceed ten (10) percent, by count, of the nectarines in any such container may fail to meet such diameter requirement.

(2) When used herein, "diameter" and "standard pack" shall have the same meaning as set forth in the United States Standards for Nectarines (§§ 51.3145 to 51.3159 of this title); "standard basket" shall mean the standard basket set forth in paragraph 1 of section 828.1 of the Agricultural Code of California; "No. 26 standard lug box," and "No. 27 standard lug box," respectively, shall have the same meaning as set forth in section 828.4 of the Agricultural Code of California, and all other terms shall have the same meaning as when used in the marketing agreement and order.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated: May 23, 1961.

S. R. SMITH,
*Director, Fruit and Vegetable
Division, Agricultural Mar-
keting Service.*

[F.R. Doc. 61-4917; Filed, May 25, 1961;
8:49 a.m.]

[Nectarine Order 6]

PART 937—NECTARINES GROWN IN CALIFORNIA

Limitation of Shipments

§ 937.327 Nectarine Order 6.

(a) *Findings.* (1) Pursuant to the marketing agreement and Order No. 37 (7 CFR Part 937) regulating the handling of nectarines grown in the State of California, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and upon the basis of the recommendations of the Nectarine Administrative Committee, established under the aforesaid marketing agreement and order, and upon other available information, it is hereby found that the limitation of shipments of nectarines of the variety hereinafter set forth, and in the manner herein provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication thereof in the *FEDERAL REGISTER* (5 U.S.C. 1001-1011) in that, as hereinafter set forth, the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient; a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective not later than the date hereinafter specified. A reasonable

determination as to the supply of, and the demand for, such nectarines must await the development of the crop thereof, and adequate information thereon was not available to the Nectarine Administrative Committee until the date hereinafter set forth on which an open meeting was held, after giving due notice thereof, to consider the need for, and the extent of, regulation of shipments of such nectarines. Interested persons were afforded an opportunity to submit information and views at this meeting; the recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after such meeting was held; shipments of the current crop of such nectarines are expected to begin on or about the effective date hereof; this section should be applicable to all such shipments in order to effectuate the declared policy of the act; the provisions of this section are identical with the aforesaid recommendation of the committee; information concerning such provisions and effective time has been disseminated among handlers of such nectarines and compliance with the provisions of this section will not require of handlers any preparation therefor which cannot be completed by the effective time hereof. Such committee meeting was held on May 18, 1961.

(b) *Order.* (1) During the period beginning at 12:01 a.m., P.s.t., June 15, 1961, and ending at 12:01 a.m., P.s.t., November 1, 1961, no handler shall handle any package or container of Early Le Grand nectarines unless:

(i) Such nectarines, when packed in a No. 26 standard lug box, or in a No. 27 standard lug box, are of a size that will pack, in accordance with the requirements of a standard pack, not more than 80 nectarines in the respective lug box; or

(ii) Such nectarines, when packed in any container other than in a No. 26 standard lug box, or in a No. 27 standard lug box, measure not less than two and three-eighths ($2\frac{3}{8}$) inches in diameter: *Provided*, That not to exceed fifteen (15) percent, by count, of the nectarines in any such container may fail to meet such diameter requirement.

(2) When used herein, "diameter" and "standard pack" shall have the same meaning as set forth in the United States Standards for Nectarines (§§ 51.3145 to 51.3159 of this title); "No. 26 standard lug box," and "No. 27 standard lug box," respectively, shall have the same meaning as set forth in section 828.4 of the Agricultural Code of California, and all other terms shall have the same meaning as when used in the marketing agreement and order.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated: May 23, 1961.

S. R. SMITH,
*Director, Fruit and Vegetable
Division, Agricultural Mar-
keting Service.*

[F.R. Doc. 61-4918; Filed, May 25, 1961;
8:49 a.m.]

[Nectarine Order 7]

PART 937—NECTARINES GROWN IN CALIFORNIA**Limitation of Shipments****§ 937.328 Nectarine Order 7.**

(a) *Findings.* (1) Pursuant to the marketing agreement and Order No. 37 (7 CFR Part 937) regulating the handling of nectarines grown in the State of California, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and upon the basis of the recommendations of the Nectarine Administrative Committee, established under the aforesaid marketing agreement and order, and upon other available information, it is hereby found that the limitation of shipments of nectarines of the variety hereinafter set forth, and in the manner herein provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication thereof in the FEDERAL REGISTER (5 U.S.C. 1001-1011) in that, as hereinafter set forth, the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient; a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective not later than the date hereinafter specified. A reasonable determination as to the supply of, and the demand for, such nectarines must await the development of the crop thereof, and adequate information thereon was not available to the Nectarine Administrative Committee until the date hereinafter set forth on which an open meeting was held, after giving due notice thereof, to consider the need for, and the extent of, regulation of shipments of such nectarines. Interested persons were afforded an opportunity to submit information and views at this meeting; the recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after such meeting was held; shipments of the current crop of such nectarines are expected to begin on or about the effective date hereof; this section should be applicable to all such shipments in order to effectuate the declared policy of the act; the provisions of this section are identical with the aforesaid recommendation of the committee; and information concerning such provisions and effective time has been disseminated among handlers of such nectarines; and compliance with the provisions of this section will not require of handlers any preparation therefor which cannot be completed by the effective time hereof. Such committee meeting was held on May 18, 1961.

(b) *Order.* (1) During the period beginning at 12:01 a.m., P.s.t., June 15,

1961, and ending at 12:01 a.m., P.s.t., November 1, 1961, no handler shall handle any package or container of Grand Prize nectarines unless:

(i) Such nectarines, when packed in a No. 26 standard lug box, or in a No. 27 standard lug box, are of a size that will pack, in accordance with the requirements of a standard pack, not more than 88 nectarines in the respective lug box; or

(ii) Such nectarines, when packed in any container other than in a No. 26 standard lug box, or in a No. 27 standard lug box, measure not less than two and one-quarter (2¼) inches in diameter: *Provided*, That not to exceed ten (10) percent, by count, of the nectarines in any such container may fail to meet such diameter requirement.

(2) When used herein, "diameter" and "standard pack" shall have the same meaning as set forth in the United States Standards for Nectarines (§§ 251.3145 to 51.3159 of this title); "No. 26 standard lug box" and "No. 27 standard lug box," respectively, shall have the same meaning as set forth in section 828.4 of the Agricultural Code of California, and all other terms shall have the same meaning as when used in the marketing agreement and order.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated: May 23, 1961.

S. R. SMITH,
*Director, Fruit and Vegetable
Division, Agricultural Market-
ing Service.*

[F.R. Doc. 61-4919; Filed, May 25, 1961;
8:49 a.m.]

Title 8—ALIENS AND NATIONALITY

Chapter I—Immigration and Naturalization Service, Department of Justice

PART 214—NONIMMIGRANT CLASSES

PART 299—IMMIGRATION FORMS

PART 333—PHOTOGRAPHS

PART 344—FEES COLLECTED BY CLERKS OF COURT

Miscellaneous Amendments

The following amendments to Chapter I of Title 8 of the Code of Federal Regulations are hereby prescribed:

1. In § 214.2 the second sentence of paragraph (f) and the second sentence of paragraph (j) are revised so that paragraph (f) and (j) of § 214.2 read as follows:

§ 214.2 Special requirements for admission, extension, and maintenance of status.

(f) *Students.* A student shall not be eligible for admission to the United States unless he presents Form I-20 properly filled out by the school to which he is destined and he personally executes the reverse of the form. Form I-20 presented by a student returning from

a temporary absence may be retained by him and used for any number of reentries within one year of the date of its issuance. A student shall not be eligible for extension of stay unless he presents Form I-20 properly filled out by the school he is attending.

(j) *Exchange aliens.* An exchange alien shall not be eligible for admission to the United States or extension of stay unless he presents Form DSP-66 properly filled out by the sponsor of his program and personally executes the reverse of the form. Form DSP-66 presented by an exchange alien returning from a temporary absence may be retained by him and used for any number of reentries within one year of the date of its issuance.

2. In § 214.4 the first sentence is revised so that § 214.4 reads as follows:

§ 214.4 Petitions for temporary workers.

The petition to classify an alien to perform services, labor, or training under section 214(c) of the Act shall be filed on Form I-129B. The petitioner shall be notified of the decision and if the petition is denied of the reasons therefor and of his right to appeal in accordance with the provisions of Part 103 of this chapter.

3. In § 299.1, the references to Form I-129B is amended to read as follows:

§ 299.1 Prescribed forms.

Form Number and Title and Description
I-129B Petition to Classify Nonimmigrant as Temporary Worker or Trainee.

4. Section 333.1 is amended by adding a new sentence between existing first and second sentences. As amended, § 333.1 reads as follows:

§ 333.1 Description of required photographs.

Every applicant required to furnish photographs of himself under this subchapter shall submit three identical photographs which shall be 2 by 2 inches in size, unmounted, printed on a thin paper, have a light background, clearly show a full front view of the features of the applicant with head bare (unless the applicant is wearing a headdress as required by a religious order of which he is a member), with the distance from the top of the head to point of chin approximately 1¼ inches, and which shall have been taken within 30 days of the date they are furnished. Submitted photographs may be in natural color or in black and white, but black and white photographs which have been tinted or otherwise colored are not acceptable. The applicant, except in the case of a child or other person physically incapable of signing his name, shall sign each copy of the photograph with his full true name, in such manner as not to obscure the features. The signature shall be by mark if the applicant is unable to sign his name. If the applicant is a prospective petitioner for naturalization, the photographs shall be signed by him in the English language, unless the applicant is of the class exempted from signing a petition for naturalization in the English

language, as provided by § 334.13 of this chapter, in which case the photographs may be signed in any language. If a child is unable to sign his name, the photographs shall be signed by a parent or guardian, the signature reading "(name of child) by (name of parent or guardian)". The photographs shall be signed when submitted with an application if the instruction accompanying the application so require. If the instructions do not so require the photographs shall be submitted without being signed and shall be signed at such later time during the processing of the application as may be appropriate.

5. Section 344.2 is amended to read as follows:

§ 344.2 Fees in United States courts; remittance.

All fees collected for declarations of intention and petitions for naturalization by clerks of United States district courts (except in the District Courts of Guam and the Virgin Islands of the United States) shall be forwarded quarterly by a remittance payable to the order of the "Immigration and Naturalization Service, Department of Justice," to the regional commissioner having administrative jurisdiction over the place in which the court is located.

6. In § 344.3 the headnote and first sentence are revised so that § 344.3 reads as follows:

§ 344.3 Fees in other than United States Courts; remittance.

One-half of all fees collected for declarations of intention and petitions for naturalization by clerks of courts other than United States courts up to \$6,000 in any one fiscal year shall be similarly remitted to the regional commissioner in the manner provided in § 344.2. Where the collections during the first quarter of any fiscal year equal or exceed \$1,500, the clerk shall remit all in excess of \$750; and whenever such collections for the first and second quarters equal or exceed \$3,000, the clerk shall remit all in excess of \$1,500; and whenever the collections for the first three quarters of the fiscal year equal or exceed \$4,500, the clerk shall remit all in excess of \$2,250; and whenever the total collections for any fiscal year equal or exceed \$6,000, the clerk shall remit all fees or moneys so collected in excess of \$3,000.

(Sec. 103, 66 Stat. 173; 8 U.S.C. 1103)

This order shall become effective on the date of its publication in the FEDERAL REGISTER. Compliance with the provisions of section 4 of the Administrative Procedure Act (60 Stat. 238; 5 U.S.C. 1003), as to notice of proposed rule making and delayed effective date is unnecessary in this instance because the rules prescribed by the order, other than those which are editorial in nature, relate to agency procedure and confer benefits upon the persons affected thereby.

Dated: May 23, 1961.

J. M. SWING,
Commissioner of
Immigration and Naturalization.

[F.R. Doc. 61-4906; Filed, May 25, 1961; 8:48 a.m.]

Title 9—ANIMALS AND ANIMAL PRODUCTS

Chapter II—Agricultural Marketing Service (Packers and Stockyards Division), Department of Agriculture

PART 201—REGULATIONS UNDER THE PACKERS AND STOCKYARDS ACT

Annual Reports by Auction Market Operators

On April 20, 1961, there was published in the FEDERAL REGISTER (26 F.R. 3361) a notice that the prescribed forms for annual reports by auction market operators required by § 201.97 of the regulations under the Packers and Stockyards Act, 1921, as amended (7 U.S.C. 181 et seq.), were not available for distribution and that the period during which annual reports shall be filed by auction market operators for the year 1960 was extended until such date as would be specified in a further notice to be published in the FEDERAL REGISTER when such forms were available for distribution, and in a memorandum to be transmitted to each auction market operator with the prescribed forms.

Notice is hereby given that such prescribed forms for annual reports by auction market operators are now available for distribution and will be distributed within the next few days. Every auction market operator shall file with the Packers and Stockyards Division, Agricultural Marketing Service, United States Department of Agriculture, a report on such prescribed form for the year 1960:

(a) Not later than July 15, 1961, if the records are maintained on a calendar year basis; or

(b) Not later than July 15, 1961, if the records are kept on the basis of a fiscal year ended on or before April 15, 1961; or

(c) Not later than 90 days after the close of the fiscal year if the fiscal year ended subsequent to April 15, 1961.

Done at Washington, D.C., May 23, 1961.

HOWARD J. DOGGETT,
Director,

Packers and Stockyards Division.

[F.R. Doc. 61-4920; Filed, May 25, 1961; 8:49 a.m.]

Title 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket 8121 c.o.]

PART 13—PROHIBITED TRADE PRACTICES

H. Appel & Sons, Inc., et al.

Subpart—Invoicing products falsely: § 13.1108 *Invoicing products falsely*: § 13.1108-45 *Fur Products Labeling Act*. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.-

1852 *Formal regulatory and statutory requirements*: § 13.1852-35 *Fur Products Labeling Act*.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; sec. 8, 65 Stat. 179; 15 U.S.C. 45, 69f) [Cease and desist order, H. Appel & Sons, Inc., et al., New York, N.Y., Docket 8121, Mar. 4, 1961]

In the Matter of H. Appel & Sons, Inc., a Corporation, and Stanley Appel, Paul Toporoff, and Norman Appel, Individually and as Officers of Said Corporation

Consent order requiring New York City furriers to cease violating the Fur Products Labeling Act by invoicing fur products falsely with respect to the name of the animal producing the fur, using the term "blended" improperly, and failing in other respects to comply with invoicing requirements.

The order to cease and desist is as follows:

It is ordered, That H. Appel & Sons, Inc., a corporation, and its officers, and Stanley Appel, Paul Toporoff and Norman Appel, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction into commerce, or the sale, advertising, or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product, which is made in whole or in part of fur which has been shipped and received in commerce, or offering for sale in commerce, or in connection with the introduction into commerce, or the sale, advertising, offering for sale, transportation or distribution in commerce, of fur as "commerce", "fur" and "fur products" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Falsely or deceptively invoicing furs or fur products by:

1. Failing to furnish to purchasers of furs or fur products invoices showing all the information required to be disclosed by each of the subsections of section 5(b)(1) of the Fur Products Labeling Act.

B. Falsely or deceptively invoicing fur products by:

1. Falsely or deceptively invoicing or otherwise falsely or deceptively identifying any such fur products as to the name or names of the animal or animals that produced the fur from which such product was manufactured.

C. Falsely or deceptively invoicing fur products by:

1. Failing to set forth on invoices the item number or mark assigned to a fur product.

D. Falsely or deceptively invoicing furs by:

1. Setting forth information required under section 5(b)(1) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder in abbreviated form.

2. Setting forth the term "blended" as part of the information required under section 5(b)(1) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder to describe the pointing, bleaching, dyeing or tip-dyeing of furs.

By "Decision of the Commission", etc., report of compliance was required as follows:

It is ordered, That respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

Issued: March 3, 1961.

By the Commission.

[SEAL] ROBERT M. PARRISH,
Secretary.

[F.R. Doc. 61-4896; Filed, May 25, 1961;
8:46 a.m.]

[Docket 8026 c.o.]

PART 13—PROHIBITED TRADE PRACTICES

H. M. Prince Textiles, Inc., et al.

Subpart—Advertising falsely or misleadingly: § 13.30 *Composition of goods*; § 13.235 *Source or origin*: § 13.235-60 *Place*: § 13.235-60(c) *Foreign, in general*.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, H. M. Prince Textiles, Inc., et al., New York, N.Y., Docket 8026, Mar. 4, 1961]

In the Matter of H. M. Prince Textiles, Inc., a Corporation, and Hugo M. Prince and Peter Prince, Individually and as Officers of Said Corporation

Consent order requiring New York City distributors of textile fabrics to garment manufacturers, to cease representing falsely—orally, and on invoices, contracts, and confirmations thereof—fabrics composed wholly or in part of Iranian Cashmere were "100% Chinese Cashmere" and "100% Mongolian Cashmere".

The order to cease and desist is as follows:

It is ordered, That respondents, H. M. Prince Textiles, Inc., a corporation, and its officers, and Hugo M. Prince and Peter Prince, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale or sale of fabrics in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, in any manner that fabrics composed in whole or in part of Iranian Cashmere are Mongolian Cashmere or Chinese Cashmere; or misrepresenting in any manner the nature or origin of the constituent fibers of which their fabrics are composed or the percentage or amounts thereof.

By "Decision of the Commission", etc., report of compliance was required as follows:

It is ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file

with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

Issued: March 3, 1961.

By the Commission.

[SEAL] ROBERT M. PARRISH,
Secretary.

[F.R. Doc. 61-4897; Filed, May 25, 1961;
8:46 a.m.]

[Docket 8116 c.o.]

PART 13—PROHIBITED TRADE PRACTICES

Simmons Co.

Subpart—Discriminating in price under section 2, Clayton Act—Payment for services or facilities for processing or sale under 2(d): § 13.824 *Advertising expenses*.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 2, 49 Stat. 1527; 15 U.S.C. 13) [Cease and desist order, Simmons Company, New York, N.Y., Docket 8116, March 4, 1961]

Consent order requiring a manufacturer of mattresses, box springs, upholstered sofas, and other household furniture, with headquarters in New York City, to cease violating section 2(d) of the Clayton Act by paying favored customers for advertising or other services furnished in connection with the sale of its products while not making such payments available on proportionally equal terms to their competitors—paying, for example, amounts exceeding \$2,400 and \$4,000, respectively, to John Wanamaker and to Lit Bros., both of Philadelphia, for such services.

The order to cease and desist is as follows:

It is ordered, That Simmons Company, a corporation, its officers, employees, agents or representatives, directly or through any corporate or other device, in or in connection with the sale in commerce, as "commerce" is defined in the Clayton Act, as amended, of mattresses, box springs, upholstered sofas and other furniture, do forthwith cease and desist from: Making or contracting to make, to or for the benefit of any customer, any payment of anything of value as compensation or in consideration for advertising or other services or facilities furnished by or through such customer, in connection with the handling, offering for resale, or resale of the respondent's products, unless such payment is made available on proportionally equal terms to all other customers competing in the distribution or resale of such products.

By "Decision of the Commission", etc., report of compliance was required as follows:

It is ordered, That respondent Simmons Company, a corporation, shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which it has

complied with the order to cease and desist.

Issued: March 3, 1961.

By the Commission.

[SEAL] ROBERT M. PARRISH,
Secretary.

[F.R. Doc. 61-4898; Filed, May 25, 1961;
8:46 a.m.]

[Docket 8153 c.o.]

PART 13—PROHIBITED TRADE PRACTICES

Sun-Fast Textiles, Inc., et al.

Subpart—Furnishing means and instrumentalities of misrepresentation or deception: § 13.1055-50 *Preticketing merchandise misleadingly*. Subpart—Invoicing products falsely: § 13.1108 *Invoicing products falsely*. Subpart—Misbranding or mislabeling: § 13.1325 *Source or origin*: § 13.1325-70 *Place*: § 13.1325-70(a) *Domestic product as imported*. Subpart—Using misleading name—goods: § 13.2345 *Source or origin*: § 13.2345-65 *Place*: § 13.2345-65(a) *Domestic product as imported*.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, Sun-Fast Textiles, Inc., et al., New York, N.Y., Docket 8153, Mar. 4, 1961]

In the Matter of Sun-Fast Textiles, Inc., a Corporation, and Moses Schonfeld and Ruth B. Schonfeld, Individually and as Officers of Said Corporation

Consent order requiring New York City distributors of imported and domestic cotton fabrics to garment manufacturers, to cease labeling and invoicing their domestic cotton fabrics falsely as "India Type Madras".

The order to cease and desist is as follows:

It is ordered, That respondents Sun-Fast Textiles, Inc., a corporation and its officers, and Moses Schonfeld and Ruth B. Schonfeld, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of fabrics or other textile products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the word "Madras" or any simulation thereof, either alone or in connection with other words to designate, describe, or refer to any fabric or other textile product which is not in fact made of fine cotton, handloomed and imported from India, and if the cloth is other than natural in color, has not been dyed with bleeding vegetable dyes.

2. Placing in the hands of garment manufacturers and others a means and instrumentality by and through which they may deceive and mislead the purchasing public, concerning merchandise in the respects set out in paragraph 1, above.

By "Decision of the Commission", etc., report of compliance was required as follows:

It is ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

Issued: March 3, 1961.

By the Commission.

[SEAL] ROBERT M. PARRISH,
Secretary.

[F.R. Doc. 61-4899; Filed, May 25, 1961;
8:47 a.m.]

Title 23—HIGHWAYS

Chapter I—Bureau of Public Roads, Department of Commerce

PART 15—REGULATIONS FOR ADMINISTERING FOREST HIGHWAYS

Part 15 of Chapter I of Title 23 of the Code of Federal Regulations is revised to read as follows:

- Sec.
- 15.1 Definitions.
- 15.2 Apportionment.
- 15.3 The forest highway system.
- 15.4 The forest highway program.
- 15.5 Cooperative agreements and project agreements.
- 15.6 Surveys.
- 15.7 Construction.
- 15.8 Maintenance.
- 15.9 Records and accounting.
- 15.10 Administrator's report.
- 15.11 Application of regulations.

AUTHORITY: §§ 15.1 to 15.11 issued under sec. 204, 72 Stat. 907, 23 U.S.C. 204.

§ 15.1 Definitions.

(a) *Administrator.* The Federal Highway Administrator.

(b) *Chief.* The Chief of the Forest Service, Department of Agriculture.

(c) *State.* Any State or insular possession eligible to receive forest highway funds.

(d) *State Highway Department.* That department, commission, board, or officials of any State charged by its law with the responsibility for highway construction.

(e) *County.* Any local government unit vested with jurisdiction over local highways including corresponding units of government under any other name in States which do not have county organizations.

(f) *Cooperator.* The State highway department or county as previously defined.

(g) *Regional engineer.* The regional engineer of the Bureau of Public Roads.

(h) *Division engineer.* The division engineer of the Bureau of Public Roads.

(i) *Regional forester.* The regional forester of the Forest Service.

(j) *Forest roads.* Roads wholly or partly within, adjoining, or adjacent to and serving the national forest.

(k) *Forest highways.* Those forest roads of primary importance to the States, counties, or communities which

are selected, and designated by the Administrator and the Chief as constituent parts of a forest highway system.

(l) *Forest highway fund.* Any authorization or appropriation of Federal funds for forest highways.

(m) *Forest highway program.* Those forest highway projects for surveys, right-of-way acquisition, construction, and maintenance scheduled to be accomplished within the limit of available authorizations and formally approved by the Administrator and the Chief or their duly authorized representatives.

(n) *Construction.* The supervising, inspecting, actual building, and all expenses incidental to the construction or reconstruction of a highway, including locating, surveying, mapping (including the establishment of temporary and permanent geodetic markers in accordance with specifications of the Coast and Geodetic Survey in the Department of Commerce), costs of rights-of-way, elimination of hazards of railway-grade crossings, adjacent vehicular parking areas, and sanitary, water, and fire control facilities.

(o) *Highway planning survey.* The engineering and economic investigations of highways and highway transportation conducted by the highway departments of the States and the Bureau of Public Roads.

(p) *Maintenance.* The preservation of the entire highway, including surface, shoulders, roadsides, structures, and such traffic control devices as are necessary for its safe and efficient utilization, and of adjacent vehicular parking areas and sanitary, water, and fire control facilities.

§ 15.2 Apportionment.

(a) (1) On or before January 1, of each year, the Secretary of Commerce shall apportion among the States the forest highway funds authorized for the next succeeding fiscal year as follows:

(2) In the same percentage as the amounts apportioned for forest highways for the fiscal year ending June 30, 1958, which percentage is based upon a determination of the area and value of the land owned by the United States within the national forests, as certified to the Secretary of Commerce by the Secretary of Agriculture as of June 30, 1955.

(b) Ten percent of the amount so apportioned to each State shall be placed in a reserve and the balance shall be made available, immediately after apportionment, for the forest highway program. Reductions will be made from the reserve to cover administrative requirements of the Bureau of Public Roads including purchase of equipment, administration by the Forest Service and, in special cases, to provide additional funds for programmed projects. Any balances in the reserve will be released for programming not later than the date of the apportionment of the succeeding fiscal year authorization.

§ 15.3 The forest highway system.

(a) The forest highway system shall comprise those roads defined under § 15.1(k).

(b) Forest highways shall be classified as follows:

Class 1—On the Federal-aid primary system.

Class 2—On the Federal-aid secondary system.

Class 3—Other forest highways.

(c) Proposed modifications, when jointly agreed upon and recommended by the State highway department, regional forester, division engineer and regional engineer, shall be forwarded, together with necessary supporting data including revised sketch maps and route descriptions to the Administrator and the Chief for approval.

§ 15.4 The forest highway program.

(a) For each apportionment of funds authorized by Congress for forest highways, the division engineer shall request the State highway department to submit a list of forest highway projects proposed for financing with such funds, supported by a map showing the location of such projects. Included therein shall be those projects proposed by counties, other political subdivisions, or agencies together with the State highway department's recommendation thereon, also supported by a map showing the location of those projects. Copies of these data shall be furnished the regional engineer who shall furnish a copy to the regional forester. The regional engineer shall make any investigations necessary to obtain further information on any projects proposed for financing with each annual apportionment.

(b) Following receipt of the maps, list of projects and recommendations required by paragraph (a) of this section the regional engineer shall arrange for a joint conference with the State highway department, the regional forester and the division engineer for final consideration of projects to be included in the program to be financed with funds currently authorized, and for consideration of a planning program of other projects in priority order to be included in one or more subsequent annual programs. For those States where the annual apportionment of forest highway funds is less than \$250,000 the consideration of projects to be included in a program may be accomplished by correspondence if such procedure is agreed upon by the above parties. Projects included in the forest highway program shall be based upon the following considerations:

(1) Provision for the maintenance of forest highways existing or under construction.

(2) The completion of necessary surveys.

(3) Findings of the highway planning survey.

(4) Benefit to protection, development, management, and multiple use of the national forest.

(5) Construction correlation with military requirements and with adjacent Federal and State road programs.

(6) The economy of continuity of operations.

(7) Ability of cooperators to adequately maintain the improvement.

(c) A joint report of the conference, or conclusion reached by correspondence, and a recommended program of projects to be financed with currently available

funds shall be prepared and submitted to the Administrator and the Chief or their duly authorized representatives for approval. The report of the planning program as agreed upon shall be submitted for record purposes.

(d) The program amount for any project may be increased by the Administrator or his duly authorized representative by an amount not to exceed 25 percent. The additional funds required in connection with cost increases shall be obtained from the unprogramed balance or in special cases, from the reserve. A construction project substantially deviating from the project as approved in the program or for which the cost will exceed by more than 25 percent the amount as authorized therein, shall constitute a major program revision to be approved by the Administrator and Chief or their duly authorized representatives.

§ 15.5 Cooperative agreements and project agreements.

(a) A cooperative agreement, state-wide, route or project type shall be entered into between the Bureau of Public Roads and each State highway department or county having jurisdiction. Such agreement shall be entered into prior to advertising, authorization to advertise or authorization to proceed by force account. Negotiations for cooperative agreements shall be conducted by the regional engineer or his duly authorized representative. Approval of the cooperative agreement shall be by the Administrator or his duly authorized representative.

(b) A project agreement implementing the cooperative agreement shall be entered into under the following conditions:

(1) Cooperator's funds are to be made available to the Bureau of Public Roads for the work.

(2) Federal funds are to be made available on a reimbursable basis to the cooperator for the work.

(3) Special circumstances exist which make a project agreement necessary for other payment purposes or to clarify any aspect of the approved program.

The implementing project agreement required for those projects supervised by the State shall be entered into as soon as practicable following approval of the plans, specifications and estimate. The division engineer shall conduct negotiations for and approve such project agreements. Negotiations for and approval of project agreements for projects under Public Roads supervision shall be in accordance with delegated authority. Payment of the reimbursable Federal share of funds shall not be made in the absence of an executed project agreement.

§ 15.6 Surveys.

(a) Surveys, and the preparation of construction plans, specifications and cost estimates, may be made for any improvement that is to be considered for inclusion in a future forest highway program. Such surveys may be made on routes that ultimately may become a

part of the forest highway system as well as present forest highway routes.

(b) Before the completion of a survey, the regional forester shall be notified in writing so that he shall have opportunity to examine the surveyed line or the location map and to indicate any details of location desirable for the protection, development, or multiple use of the national forest.

(c) Before the completion of a survey undertaken by the Bureau of Public Roads for a project to be constructed under its supervision the cooperator shall be notified in writing and shall have opportunity to examine the surveyed line or the location map to indicate any details of location desirable from the standpoint of the operation and maintenance of the highway. Opportunity also shall be provided the cooperator to examine the plans, specifications and estimate before the project is advertised for bids.

§ 15.7 Construction.

(a) No construction shall be undertaken upon any designated part of the forest highway system by any Federal agency until a survey and cost estimate have been approved by the regional engineer and the State highway department, unless specifically authorized by the Administrator. The Forest Service may, however, at its expense make temporary repairs on forest highways or construct utilization roads on the forest highway system. Such temporary repairs and construction of utilization roads shall follow as closely as practicable surveys made or authorized by the Bureau of Public Roads at the request of the Forest Service.

(b) Approval of plans, specifications and estimates shall be by the regional engineer.

(c) Upon fulfillment of the requirements set forth in these regulations, projects included in the approved forest highway program may be advertised for bids if within the limit of funds available for obligation.

(d) The construction of forest highways will be performed by the contract method unless, as prescribed in 23 U.S.C. 204(c), the estimated cost exclusive of bridges is less than \$5,000 per mile or after proper advertising no acceptable bid is received or the bids are deemed excessive in which event the Administrator may construct on his own account.

(e) Construction work on any project shall not be considered as completed until the project has been inspected and approved by the cooperating agency and the regional engineer or his duly authorized representative, nor until the regional forester has approved the clearing and disposal of refuse.

§ 15.8 Maintenance.

Maintenance of completed forest highway projects shall be the responsibility of the cooperating agency unless otherwise provided in a formally approved cooperative agreement.

§ 15.9 Records and accounting.

(a) The Administrator shall keep all forest highway records which he deems necessary of survey, right-of-way acqui-

sition, construction, and maintenance costs for projects under his supervision.

(b) Records for forest highway projects constructed under State supervision shall be maintained by the State in the same manner as those required for Federal-aid projects by the regulations for the administration of Federal-aid for highways.

(c) Equipment depots under the jurisdiction of the Bureau of Public Roads shall be operated on a self-sustaining basis. Work done in equipment depots will be charged on an actual cost basis, including overhead. Projects on which equipment is used will be charged with the cost of such equipment on a depreciation or appropriate rental basis.

(d) Cooperative funds provided by any cooperator in advance shall be deposited in the Treasury of the United States to the credit of "Cooperative Work, Forest Highways, Bureau of Public Roads." If cooperative funds are to be made available on a reimbursable basis, the Bureau of Public Roads will bill the cooperator either on completion of the project or as the work progresses, in accordance with the terms of the project agreement.

§ 15.10 Administrator's report.

Not later than December 15 of each year, the Administrator shall submit to the Secretary of Commerce and to the Secretary of Agriculture a report covering the operations on the forest highway system for the preceding fiscal year, including the current status of surveys, construction and maintenance, and with such recommendations as he shall consider desirable.

§ 15.11 Application of regulations.

The regulations in this part shall take effect upon publication in the FEDERAL REGISTER and shall supersede all prior rules and regulations heretofore in effect for administering forest highways.

Approved: May 17, 1961.

ORVILLE L. FREEMAN,
Secretary of Agriculture.
EDWARD GUDEMAN,
Acting Secretary of Commerce.

Recommended:

CLARE HENDEE,
Acting Chief, Forest Service,
Department of Agriculture.
REX M. WHITTON,
Federal Highway Administrator,
Bureau of Public Roads.

[F.R. Doc. 61-4904; Filed, May 25, 1961; 8:47 a.m.]

Title 32—NATIONAL DEFENSE

Chapter VII—Department of the Air Force

SUBCHAPTER C—CLAIMS AND ACCOUNTS

PART 836—CLAIMS AGAINST THE UNITED STATES

Organization, Responsibilities, and Authority

Sections 836.0 to 836.8 are added as follows:

- Sec.
 836.0 Scope.
 836.1 Claims activities.
 836.2 Claims responsibilities.

STATUTORY AND DELEGATED AUTHORITY

- 836.3 Military Personnel Claims Act.
 836.4 Military Claims Act and National Guard Claims Act.
 836.5 Foreign Claims Act.
 836.6 Maritime Claims Settlement Act.
 836.7 Federal Tort Claims Act.
 836.8 NATO Claims Reimbursement Act.

AUTHORITY: §§ 836.0 to 836.8 issued under sec. 8012, 70A Stat. 488; 10 U.S.C. 8012.

SOURCE: AFR 112-1, Nov. 1, 1960.

§ 836.0 Scope.

Sections 836.0 to 836.8 outline claims activities, responsibilities, and delegation of authority for administrative settlement of claims.

§ 836.1 Claims activities.

Claims activities with respect to claims comprise:

- (a) Staff supervision and inspection of claims administration.
- (b) Assignment and training of claims personnel.
- (c) Investigating and reporting accidents or incidents that arise out of Air Force activities which may result in claims.
- (d) Processing and disposing of claims resulting from these accidents or incidents.
- (e) Cross-servicing certain claims that arise in foreign countries and are generated by the Department of Defense or any United States Armed Force.

§ 836.2 Claims responsibilities.

Claims activities are primarily a command responsibility, and prompt and just disposition of meritorious claims is mandatory. It is essential that all personnel assigned claims responsibility recognize the impact that Air Force claims activities have on the public.

(a) Commands and organizations assigned claims responsibilities are:

- (1) Headquarters USAF.
- (2) Air Force Logistics Command (formerly Air Materiel Command), including:
 - (i) Middletown Air Materiel Area.
 - (ii) Mobile Air Materiel Area.
 - (iii) Ogden Air Materiel Area.
 - (iv) Oklahoma City Air Materiel Area.
 - (v) Rome Air Materiel Area.
 - (vi) Sacramento Air Materiel Area.
 - (vii) San Antonio Air Materiel Area.
 - (viii) San Bernardino Air Materiel Area.
 - (ix) Warner Robins Air Materiel Area.
 - (3) Alaskan Air Command.
 - (4) Caribbean Air Command.
 - (5) 64th Air Division (Defense).
 - (6) Military Air Transport Service.
 - (7) Pacific Air Forces.
 - (i) United States Air Forces in Europe.
 - (b) Headquarters USAF responsibility

is worldwide. The Judge Advocate General has responsibility for control, staff supervision, coordination, inspection, and monitoring of claims activities throughout the Air Force, and training of claims personnel. He also has responsibility for administrative settlement and payment of certain claims (see §§ 836.200 to 836.220).

(c) Staff Judge Advocates of other commands and organizations listed in paragraph (a) of this section are assigned similar claims responsibilities within their respective geographic areas. They also are responsible for collection and consolidation of claims statistics within their geographic areas of responsibility.

(d) Foreign Claims Commissions are assigned responsibility for settlement and payment of claims against the United States which are within their jurisdiction and are presented for their consideration. They are also assigned responsibility for preparation of claims statistics pertaining to their activities.

(e) Exception: Claims that arise outside of the United States, its Territories, commonwealths, or possessions from the activities of an Air Force missile test center, base, organization, or unit in the United States, and the military or civilian personnel assigned thereto. Responsibility for investigating and processing these claims under §§ 836.11 to 836.27 and 836.61 to 836.78 is assigned to that activity. Such claims will be settled and paid by an Air Force Foreign Claims Commission appointed by The Judge Advocate General.

(f) Claims officers shall be appointed by the commander of each Air Force base, station, fixed installation, or separate unit, and chiefs of the Air Force section of military missions and assistance groups, air attaches of each embassy, and such other commanders or personnel in charge as shall be designated. The commander will:

(1) Designate a commissioned officer as claims officer. The officer appointed will be a designated Judge Advocate of the Air Force, when one is assigned. In the absence of a Judge Advocate, an experienced civilian attorney may be designated as claims officer, except that he may not act as a board of one officer under §§ 836.51 to 836.56

(2) At his discretion, designate an assistant claims officer who will perform his duties relating to claims under the supervision of the claims officer, and possess the qualifications stated in subparagraph (1) of this paragraph.

(g) The claims officer is responsible for all claims activities of the command, organization, or unit; he is under the immediate direction and supervision of the Staff Judge Advocate, or, if none is assigned, under the general direction of the commander or appointing authority. His responsibilities for investigating and reporting an accident, incident, or claim are set out in §§ 836.200 to 836.220. He is authorized, without further designation or appointment, to act as a board of one officer for the purpose of investigating complaints under the provisions of Article 139, UCMJ (see §§ 836.51 to 836.56), when so directed.

STATUTORY AND DELEGATED AUTHORITY

§ 836.3 Military Personnel Claims Act.

(See §§ 836.90 to 836.101.) Claims under the Act shall be settled and paid pursuant to the following statutory and delegated authority.

(a) *Statutory authority*—(1) *Claims for more than \$6,500.* Such claims can-

not be administratively paid for more than \$6,500.

(2) *Claims for \$6,500 or less.* The Secretary of the Air Force or his designees may settle and pay such claims against the United States when presented by Air Force military or civilian personnel for damage to or loss of personal property incident to their service.

(b) *Delegation of authority.* The Secretary of the Air Force has delegated authority to settle and pay such claims to the following persons:

- (1) Claims for \$6,500 or less:
 - (i) The Judge Advocate General of the Air Force.
 - (ii) Assistant Judge Advocate General.
 - (iii) Chief, Claims Division, Headquarters USAF.
 - (iv) Assistant Chief, Claims Division, Headquarters USAF.
 - (v) Chief, Administrative Claims, Claims Division, Headquarters USAF.

(2) Claims for \$1,000 or less may be settled and paid by the Director of Claims of the Pacific Air Forces and the United States Air Forces in Europe; by the Chief, United States Armed Forces Claims Service, Japan; and by the Staff Judge Advocates of:

- (i) Headquarters Command.
- (ii) Air Force Logistics Command (formerly Air Materiel Command).
- (iii) Middletown Air Materiel Area.
- (iv) Mobile Air Materiel Area.
- (v) Ogden Air Materiel Area.
- (vi) Oklahoma City Air Materiel Area.
- (vii) Rome Air Materiel Area.
- (viii) Sacramento Air Materiel Area.
- (ix) San Antonio Air Materiel Area.
- (x) San Bernardino Air Materiel Area.
- (xi) Warner Robins Air Materiel Area.
- (xii) Alaskan Air Command.
- (xiii) 13th Air Force.
- (xiv) Pacific Air Forces.
- (xv) United States Air Forces in Europe.
- (xvi) 64th Air Division (Defense).

§ 836.4 Military Claims Act and National Guard Claims Act.

(See §§ 836.300 to 836.315). These acts provide for the settlement and payment of claims against the United States that arise anywhere, for damage to or loss of property, or for personal injury or death, when caused by Air Force or Air National Guard military or civilian personnel acting within the scope of their employment or otherwise incident to Air Force or Air National Guard non-combat activities.

(a) *Statutory authority*—(1) *Claims for more than \$5,000.* Such claims cannot be administratively settled and paid. However, if the Secretary of the Air Force considers that any such claim is meritorious and would otherwise be cognizable under the statute, after receipt of a settlement agreement in full satisfaction of the entire claim he may pay the claimant \$5,000 and report the excess to the Congress for its consideration.

(2) *Claims for \$5,000 or less.* The Judge Advocate General of the Air Force may settle and pay such claims, subject to appeal to the Secretary of the Air Force.

(3) *Claims for \$1,000 or less.* The Secretary of the Air Force designees may settle and pay such claims, subject to appeal to the Secretary of the Air Force.

(b) *Delegation of authority.* The Secretary of the Air Force delegated authority to settle and pay such claims as follows:

(1) Claims for \$5,000 or less: The Judge Advocate General of the Air Force.

(2) Claims for \$1,000 or less may be settled and paid within Headquarters USAF by the Assistant Judge Advocate General, and within the Claims Division, Headquarters USAF by the Chief, the Assistant Chief, or the Chief of Administrative Claims. Outside Headquarters USAF such claims may be settled and paid by the Director of Claims, Pacific Air Forces; by all Air Force Foreign Claims Commissions; and by the Commanders-in-Chief, Commanders, and Staff Judge Advocates of:

- (i) Air Force Logistics Command (formerly Air Materiel Command).
- (ii) Middletown Air Materiel Area.
- (iii) Mobile Air Materiel Area.
- (iv) Ogden Air Materiel Area.
- (v) Oklahoma City Air Materiel Area.
- (vi) Rome Air Materiel Area.
- (vii) Sacramento Air Materiel Area.
- (viii) San Antonio Air Materiel Area.
- (ix) San Bernardino Air Materiel Area.
- (x) Warner Robins Air Materiel Area.
- (xi) Alaskan Air Command.
- (xii) Caribbean Air Command.
- (xiii) Pacific Air Forces.

§ 836.5 Foreign Claims Act.

(See §§ 836.61 to 836.78.) Claims that arise outside the United States, its Territories, commonwealths, or possessions when presented by inhabitants of foreign countries.

(a) *Statutory authority*—(1) *Claims for more than \$15,000.* Such claims cannot be administratively settled and paid. However, if the Secretary of the Air Force considers that any such claim is meritorious and would otherwise be cognizable under this statute, after receipt of a settlement agreement in full satisfaction of the entire claim he may certify the claim to the Congress.

(2) *Claims for \$15,000 or less.* The Secretary of the Air Force or his designees may appoint claims commissions—each composed of one of more commissioned officers—to settle and pay any such claim. Claims may include damage to or loss of property or personal injury or death of any inhabitant of a foreign country or the property of a foreign government, if caused by Air Force military or civilian personnel or otherwise incident to Air Force non-combat activities. Authority to settle and pay is further limited by §§ 836.61 to 836.78.

(b) *Delegation of authority.* The Secretary of the Air Force authorized the following Air Force officers to appoint Foreign Claims Commissions (see § 836.61 to 836.78).

- (1) The Judge Advocate General of the Air Force.
- (2) Assistant Judge Advocate General.
- (3) Staff Judge Advocates:
 - (i) Military Air Transport Service.

No. 101—10

(ii) Caribbean Air Command.

(iii) 64th Air Division (Defense).

(4) Staff Judge Advocates and Directors of Claims:

- (i) Pacific Air Forces.
- (ii) United States Air Forces in Europe.

§ 836.6 Maritime Claims Settlement Act.

(See §§ 836.141 to 836.148.) Claims under the Act shall be settled and paid pursuant to the following statutory and delegated authority.

(a) *Statutory authority*—(1) *Claims against the United States (10 U.S.C. 9802).* Claims for damage to or loss of property or personal injury or death caused by vessels of or in the service of the Air Force, and compensation for towage and salvage services (including contract salvage) rendered to such vessels.

(i) *Claims for more than \$500,000.* The Secretary of the Air Force may settle or compromise and pay admiralty-type claims. However, these claims which are settled or compromised for more than \$500,000 shall be certified to the Congress.

(ii) *Claims for \$500,000 or less.* The Secretary may settle or compromise and pay these claims.

(iii) *Claims for \$1,000 or less.* The Secretary may delegate to any person in the Air Force the authority to settle or compromise and receive payment of these claims.

(2) *Claims in favor of the United States (10 U.S.C. 9801 and 9803).* Claims for damage to property under jurisdiction of the Air Force or for which the Air Force has assumed an obligation to respond for damage.

(i) *Claims for more than \$500,000.* Such claims may not be settled or compromised, except claims for salvage services.

(ii) *Claims for \$500,000 or less.* The Secretary of the Air Force may settle or compromise and receive payment of admiralty-type claims.

(iii) *Claims for \$1,000 or less.* The Secretary may delegate to any person in the Air Force the authority to settle or compromise and receive payment of these claims.

(3) *Salvage claims by the United States (10 U.S.C. 9801 and 9804).* The Secretary of the Air Force may settle or compromise and receive payment of a claim in any amount for salvage services (including towage) performed by the Air Force for any vessel.

(b) *Delegation of authority.* The Secretary of the Air Force has authorized the following officers to settle, pay claims against, or receive payment of any such claims in favor of the United States for \$1,000 or less:

- (1) The Judge Advocate General of the Air Force.
- (2) Assistant Judge Advocate General.
- (3) Chief, Claims Division, Headquarters USAF.
- (4) Assistant Chief, Claims Division, Headquarters USAF.

§ 836.7 Federal Tort Claims Act.

The Act provides for the settlement and payment of claims that arise within

the United States, its Territories, commonwealths, or possessions.

(a) *Statutory authority*—(1) *Claims for more than \$2,500.* Such claims cannot be administratively considered.

(2) *Claims for \$2,500 or less.* The Secretary of the Air Force or his designees may settle and pay these tort claims against the United States. Claims may include loss of property or personal injury or death caused by the negligent or wrongful act or omission of any Government employee while acting within the scope of his employment, under circumstances where the United States, if a private person, would be liable to the claimant in accordance with the law of the place where the act or omission occurred.

(b) *Delegation of authority.* The Secretary of the Air Force authorized the officers listed in § 836.5(b) (except Air Force Foreign Claims Commissions) to settle and pay such claims for \$2,500 or less against the United States.

§ 836.8 NATO Claims Reimbursement Act.

(See §§ 836.61 to 836.78 and 836.200 to 836.220.) The Act provides for the settlement and payment of claims that arise outside the United States, its Territories, commonwealths, or possessions and are settled pursuant to international agreements.

(a) *Statutory authority.* The Secretary of the Air Force or his designees are authorized under such regulations as the Secretary may prescribe to reimburse foreign governments for the United States' agreed pro rata share of claims against the United States that arise from acts or omissions in the performance of official duty by United States Armed Forces civilian employees or military personnel when the foreign government has agreed to assume responsibility for the claims.

(b) *Delegation of authority.* Reimbursements to foreign governments are made by Air Force designees when the Air Force is assigned responsibility for claims in a particular country or area.

CARROLL W. KELLEY,
Lt. Col., U.S. Air Force, Chief,
Special Activities Group, Office
of The Judge Advocate General.

[F.R. Doc. 61-4887; Filed, May 25, 1961;
8:45 a.m.]

Title 36—PARKS, FORESTS, AND MEMORIALS

Chapter I—National Park Service, Department of the Interior

PART 6—VEHICLE, GUIDE, ADMIS- SION, AND MISCELLANEOUS FEES

Edison Laboratory National Monu-
ment, New Jersey, and Gettysburg
National Military Park, Pennsyl-
vania; Admission Fees

On page 2750 of the FEDERAL REGISTER of April 1, 1961, there was published a notice and text of a proposed amend-

ment of § 6.9, paragraphs (a) and (b), of Part 6 of Title 36, Code of Federal Regulations. The purpose of this amendment is to establish a fee for admission to the Home of Thomas A. Edison (Glenmont) at the Edison Laboratory National Monument, New Jersey, and to increase the admission fee for the greatly improved Cyclorama at Gettysburg National Military Park and Cemetery, Pennsylvania.

Interested persons were given 30 days within which to submit written comments, suggestions or objections concerning this proposed amendment. No suggestions for changes or objections have been received and the proposed amendment is hereby adopted without change and is set forth below. This amendment shall become effective at the beginning of the 30th calendar day following the date of this publication in the FEDERAL REGISTER.

STEWART L. UDALL,
Secretary of the Interior.

MAY 20, 1961.

Section 6.9 Admission; miscellaneous, paragraphs (a) and (b) are amended to read as follows:

§ 6.9 Admission; miscellaneous.

(a) An admission fee shall be charged each person entering the following areas:

	Fee
Aztec Ruins National Monument.....	\$0.25
Castillo de San Marcos National Monument.....	.25
El Morro National Monument.....	.25
Fort Pulaski National Monument.....	.25
Fort Raleigh National Historic Site (except after 6 p.m. on days when the pageant, "The Lost Colony," is presented by the Roanoke Island Historical Association).....	.25
George Washington Birthplace National Monument.....	.25
Montezuma Castle National Monument.....	.25
Tonto National Monument.....	.25
Tumacacori National Monument.....	.25
Tuzigoot National Monument.....	.25
Walnut Canyon National Monument.....	.25

(b) An admission fee shall be charged each person entering the following places:

	Fee
Adams National Historic Site.....	\$0.25
Appomattox Court House National Historical Park—McLean House....	.25
Chickamauga and Chattanooga National Military Park—Point Park....	.25
Colonial National Historical Park—Moore House.....	.25
Edison Laboratory National Monument:	
Home of Thomas A. Edison (Glenmont).....	.25
Laboratory of Thomas A. Edison.....	.50
Fort McHenry National Monument and Historic Shrine—Inner Fort....	.25
Fredericksburg and Spotsylvania County Battlefields Memorial National Military Park—Museum.....	.25
Gettysburg National Military Park—Cyclorama.....	.50
Home of Franklin D. Roosevelt National Historic Site (no charge shall be made for persons desiring to visit only the grave of Franklin D. Roosevelt).....	.25
House Where Lincoln Died.....	.10
Custis-Lee Mansion in Arlington National Cemetery.....	.25
Lincoln Museum.....	.10
Manassas National Battlefield Park—Museum.....	.25

Morristown National Historical Park—Ford Museum and Mansion.....	\$0.25
Ocmulgee National Monument—Museum and Earth Lodge.....	.25
Salem Maritime National Historic Site—Derby House.....	.25
Vanderbilt Mansion National Historic Site.....	.25
Vicksburg National Military Park—Museum.....	.25

[F.R. Doc. 61-4900; Filed, May 25, 1961; 8:47 a.m.]

Title 38—PENSIONS, BONUSES, AND VETERANS' RELIEF

Chapter I—Veterans Administration

PART 3—ADJUDICATION

Philippine Service

In § 3.9, paragraphs (a) and (b) are amended to read as follows:

§ 3.9 Philippine service.

(a) For a Regular Philippine Scout or a member of one of the regular components of the Philippine Commonwealth Army while serving with Armed Forces of United States, the period of active service will be from the date certified by the Armed Forces as the date of enlistment or date of report for active duty whichever is later to date of release from active duty, discharge, death, or in the case of a member of the Philippine Commonwealth Army June 30, 1946, whichever was earlier. Release from active duty includes:

(1) Leaving one's organization in anticipation of or due to the capitulation.

(2) Escape from prisoner-of-war status.

(3) Parole by the Japanese.

(4) Beginning of missing-in-action status, except where factually shown at that time he was with his unit or death is presumed to have occurred while carried in such status: *Provided, however,* That where there is credible evidence that he was alive after commencement of his missing-in-action status, the presumption of death will not apply for Veterans Administration purposes.

(5) Capitulation on May 6, 1942, except that periods of recognized guerrilla service or unrecognized guerrilla service under a recognized commissioned officer or periods of service in units which continued organized resistance against Japanese prior to formal capitulation will be considered return to active duty for period of such service.

(b) Active service of a Regular Philippine Scout or a member of the Philippine Commonwealth Army serving with the Armed Forces of the United States will include a "prisoner-of-war" status immediately following a period of active duty, or a period of recognized guerrilla service or unrecognized guerrilla service under a recognized commissioned officer. In those cases where following release from active duty as set forth in paragraph (a) of this section, the veteran is factually found by the Veterans Administration to have been injured or killed by the Japanese because of anti-Japanese activities or his former service

in the Armed Forces of the United States, such injury or death may be held to have been incurred in active service for Veterans Administration purposes. Determination shall be based on all available evidence, including service department reports, and consideration shall be given to the character and length of the veteran's former active service in the Armed Forces of the United States.

(72 Stat. 1114; 38 U.S.C. 210)

This regulation is effective May 26, 1961.

[SEAL]

W. J. DRIVER,
Deputy Administrator.

[F.R. Doc. 61-4909; Filed, May 25, 1961; 8:48 a.m.]

PART 21—VOCATIONAL REHABILITATION AND EDUCATION

Subpart C—War Orphans' Educational Assistance Under 38 U.S.C. Ch. 35

MISCELLANEOUS AMENDMENTS

1. In § 21.3306, paragraph (f) is added to read as follows:

§ 21.3306 Examination of records.

(f) The records and accounts, as described in this section, pertaining to each period of enrollment of an eligible person, shall be kept intact and in good condition at the educational institution for at least 3 years following the termination of such enrollment period. Longer retention will not be required unless a written request is received from the General Accounting Office or the Veterans Administration not later than 30 days prior to the end of the 3-year period.

2. Section 21.3311 is revoked.

§ 21.3311 Application of other laws. [Revoked]

(72 Stat. 1114; U.S.C. 210)

These regulations are effective May 26, 1961.

[SEAL]

W. J. DRIVER,
Deputy Administrator.

[F.R. Doc. 61-4910; Filed, May 25, 1961; 8:48 a.m.]

Title 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

PART 3—RADIO BROADCAST SERVICES

CONELRAD and Emergency Broadcast System

The Commission having under consideration the desirability of making certain editorial changes in Part 3 of its rules and regulations; and

It appearing that the amendments adopted herein are editorial in nature, and, therefore, prior publication of notice of proposed rule making under the provisions of section 4 of the Ad-

ministrative Procedure Act is unnecessary.

It further appearing that the amendments adopted herein are issued pursuant to authority contained in sections 4(i), 5(d)(1) and 303(r) of the Communications Act of 1934, as amended, and section 0.341(a) of the Commission's Statement of Organization, Delegations of Authority and Other Information:

It is ordered, This 19th day of May 1961, that, effective June 5, 1961, Part 3 Radio Broadcast Services, is amended as set forth below.

(Sec. 4, 48 Stat. 1066, as amended; 47 U.S.C. 154. Interprets or applies sec. 303, 48 Stat. 1082, as amended; 47 U.S.C. 303)

Released: May 22, 1961.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

1. Section 3.902 is amended to read as follows:

§ 3.902 Object of plan.

The aim of this plan is to minimize the navigational aid that may be obtained from the continued operation of broadcast stations and to fulfill other national security requirements while at the same time providing for transmission of vital information to the public. During a

CONELRAD Radio Alert condition, when not broadcasting vital information, stations operating in the Emergency Broadcast System may, on their own responsibility, broadcast such other programs as they may desire.

2. Section 3.913 is amended to read as follows:

§ 3.913 Emergency Broadcast System (EBS).

The Emergency Broadcast System consists of broadcast stations and interconnecting facilities which have been authorized by the Commission to operate in a controlled manner during a war, threat of war, state of public peril or disaster or other national emergency.

3. Section 3.930(f) is amended to read as follows:

§ 3.930 Notification of a CONELRAD Radio Alert.

(f) During the experimental period many broadcast stations may be off the air. All broadcast stations will be supplied with a list of 24-hour broadcast stations at least one of which must be monitored during any period of operation when the regularly used station is not on the air.

4. Section 3.932(a) is amended to read as follows:

§ 3.932 Operation during a CONELRAD Radio Alert.

(a) Those stations which are authorized to participate in the Emergency Broadcast System will immediately begin operations on assigned frequencies in accordance with the terms of their National Defense Emergency Authorizations and current operating instructions. Except as provided in paragraph (b) of this section, all other broadcast stations will observe radio silence until the CONELRAD Radio All Clear is issued by appropriate military authority.

5. Section 3.940 is amended to read as follows:

§ 3.940 Notification of a CONELRAD Radio All Clear.

The CONELRAD Radio All Clear notification will be transmitted through the same channels as the CONELRAD Radio Alert. Stations operating in the Emergency Broadcast System will transmit the CONELRAD Radio All Clear Message on an Emergency Broadcast System frequency. All standard, commercial, FM, and TV stations, upon resuming regular authorized operation will follow the prescribed procedure and immediately broadcast the CONELRAD Radio All Clear Message.

[F.R. Doc. 61-4935; Filed, May 25, 1961; 8:51 a.m.]

Proposed Rule Making

DEPARTMENT OF AGRICULTURE

Agricultural Research Service

[9 CFR Part 131]

HANDLING OF ANTI-HOG-CHOLERA SERUM AND HOG-CHOLERA VIRUS

Approval of Budget and Fixing of Rate of Assessment for Calendar Year 1961

Consideration is being given to the approval of a budget of expenses of the Control Agency established under the marketing agreement and the marketing order (9 CFR 131.1 et seq.), regulating the handling of anti-hog-cholera serum and hog-cholera virus, and the fixing of the rate of assessment to be paid by handlers, for the calendar year 1961, as follows:

§ 131.161 Budget of expenses and rates of assessment for the calendar year 1961.

(a) *Budget of expenses.* The expenses which will necessarily be incurred by the Control Agency, established pursuant to the provisions of the marketing agreement and of the marketing order, for the maintenance and functioning of said Agency during the calendar year 1961, will amount to \$64,841.00 under the recommendation of the Control Agency, from which shall be deducted the unexpended balance of \$6,099.10 on hand with said Control Agency on January 1, 1961, from assessments collected during the calendar year 1960, leaving a balance of \$58,741.90 to be collected during the calendar year 1961.

(b) *Rates of assessment.* Of the amount of \$58,741.90 to be collected during the calendar year 1961, the sum of \$45,759.94 shall be assessed against handlers who are manufacturers, and \$12,981.94 shall be assessed against handlers who are wholesalers. The pro rata share of the expenses of the Control Agency to be paid for the calendar year 1961 by each handler who is a manufacturer shall be \$27.28 for each ten thousand dollars or fraction thereof of serum and virus sold by such handler during the calendar year 1960 and the pro rata share of such expenses to be paid for the calendar year 1961 by each handler who is a wholesaler shall be \$25.00 for the first ten thousand dollars or fraction thereof and \$20.95 for each additional ten thousand dollars or fraction thereof of serum and virus sold by such handler. Such assessments shall be paid by each respective handler in accordance with the applicable provisions of the marketing agreement and order.

(c) *Terms.* As used herein, the terms "handler", "manufacturer", "wholesaler", "virus", and "serum" shall have the same meaning as is given to each such term in said marketing agreement and marketing order.

Interested parties may obtain copies of the budget mentioned herein from the Executive Secretary of the Control Agency, 512 Veterans of Foreign Wars Building, Kansas City 11, Missouri.

All persons who desire to submit written data, views, or arguments in connection with the aforesaid consideration shall file the same with the Hearing Clerk, Room 112, Building A, United States Department of Agriculture, Washington 25, D.C., not later than the close of business on the thirtieth (30th) day after the publication of this notice in the FEDERAL REGISTER. All documents shall be filed in quadruplicate.

(49 Stat. 781; 7 U.S.C. 851 et seq.).

Issued this 23d day of May 1961.

M. R. CLARKSON,
Acting Administrator,
Agricultural Research Service.

[F.R. Doc. 61-4921; Filed, May 25, 1961; 8:50 a.m.]

FEDERAL POWER COMMISSION

[18 CFR Part 2]

[Docket No. R-200]

CERTIFICATE APPLICATIONS, RATE FILINGS, PIPELINE QUALITY GAS STANDARDS, DELIVERY CONDITIONS AND CERTAIN PRICE ADJUSTMENTS

Statements of General Policy

MAY 22, 1961.

1. Notice is hereby given that the Commission has under consideration the issuance of a Statement of General Policy under the Natural Gas Act in the above-entitled matter.

2. The proposed statement would relate to all certificate and rate proceedings and would prescribe the minimum quality, pressure and delivery provisions for determining natural gas to be of "pipeline quality" as that term is used in our Statement of General Policy No. 61-1, issued September 28, 1960 (25 F.R. 13969; 18 CFR 2.56), and as we propose to use it as a standard in the future in proceedings involving independent producers under sections 4, 5, and 7 of the Natural Gas Act and as we propose to make price adjustments in independent producers' rates whenever the natural gas, as delivered, deviates from the aforementioned standards.

3. Since the date on which the aforementioned Statement of General Policy No. 61-1 was issued, the Commission has been giving consideration to prescribing a standard for "pipeline quality" gas and for the delivery conditions thereof, to the various factors to be incorporated in such standards, and to any adjustments in the prices set out in the Statement of General Policy, as amended, for natural gas which does not

comply with the minimum requirements of the standards. The promulgation of such standards and such adjustments will provide a common basis for evaluating independent producer's rates and charges and will aid in discharging our obligation under the Natural Gas Act. The proposed action, therefore, will be in the public interest.

4. To that end, the Commission proposes to prescribe such standards, together with certain adjustments in rate levels by amending Part 2, General Policy and Interpretations, Chapter I of Title 18 of the Code of Federal Regulations, by adding two sections thereto to read substantially as hereinafter set out, or in lieu thereof, if it is determined to be more appropriate, to amend Part 154 of the regulations (18 CFR Part 154) under the Natural Gas Act. Also take note that concurrently herewith in Docket No. R-199, we are issuing a notice of proposed rule making relating to Nonacceptability of Contracts Between Independent Producers and Interstate Natural Gas Companies Containing Certain Provisions in Daily-Contract Quantity and Take-or-Pay-For Clauses.

5. However, it should be noted that the standards hereinafter proposed, would not, in their entirety, be applicable to sales of casinghead gas or of residue gas and, of course, would be applied in pari materia with valid conservation orders of State commissions.

§ 2.60 Standards to be considered in determining independent producer's gas to be of "pipeline quality."

(a) "Pipeline quality gas" shall be natural gas which when measured at 14.73 psia at 60 degrees F.:

(1) Shall have a heating value of not less than one thousand (1,000) Btu per cubic foot when saturated with water vapor (i.e., water saturated gas having a heating value per cubic foot of nine hundred seventy-five (975) Btu to one thousand and twenty-five (1,025) Btu shall be deemed to comply with this requirement), but in no event shall buyer be required to accept natural gas having a heating value of less than nine hundred and fifty (950) Btu per cubic foot;

(2) Shall contain not more than seven (7) pounds of entrained water per one million (1,000,000) cubic feet;

(3) Shall contain not more than two-tenths (0.2) gallons of liquefiable hydrocarbons per one thousand (1,000) cubic feet;

(4) Shall contain not more than one (1) grain of hydrogen sulphide per one hundred (100) cubic feet;

(5) Shall contain not more than twenty (20) grains of total sulphur per one hundred (100) cubic feet;

(6) Shall be free from objectionable odors, dust and solids and liquid matter which may interfere with its merchantability or cause injury to or interference with the proper operation of the lines, regulators, meters or other apparatus through which it may flow;

(7) Shall be delivered to buyer at a pressure not less than five hundred (500) psig at a central point in the field (i.e., point on buyer's main transmission pipeline or buyer's lateral constructed into or traversing the producing field) or at the outlet of a gasoline, desulphurization, or other processing plant.

§ 2.61 Price adjustments for deviations from standards.

(a) Prices per Mcf when measured at 14.65 psia as prescribed by the Commission for the various producing areas shall be reduced for deviations from the standards as follows:

(1) For gas of less than 975 Btu per cubic foot, by an amount equal to

$$\frac{1,000 - \text{Actual heating value}}{1,000} \times \text{Area price}$$

(2) For gas containing more than seven (7) pounds of water per one million (1,000,000) cubic feet, by an amount not less than twenty-five one hundredths (0.25¢) cents per Mcf.

(3) For gas containing more than twenty (20) grains of total sulphur per one hundred (100) cubic feet, by an amount not less than one (1.0¢) cent per Mcf.

(4) For gas delivered at pressures of:

	Cents per Mcf
(i) Between 201 and 499 psig-----	1.0
(ii) Between 76 and 200 psig-----	2.0
(iii) 75 psig or less-----	3.0

(5) For delivery of gas at a point further removed from the pipe line than central delivery point or at other than outlet of the processing plant as defined in § 2.60(a) (7) by an amount not less than one-half (0.50¢) cents per Mcf.

(b) No upward adjustments in Commission prescribed area prices will be permitted for provisions more favorable to the buyer under paragraph (a) (1), (2), (3), and (4) of this section.

6. The amendments herein set forth and described, if adopted, would be issued under the authority granted to the Federal Power Commission by the Natural Gas Act, particularly sections 4, 5, 7, and 16 thereof (15 U.S.C. 717c, 717d, 717f, and 717o).

7. Any interested person on or before June 22, 1961, may submit to the Federal Power Commission, Washington 25, D.C., data, views, and comments in writing concerning the amendments proposed herein. The Commission will consider these written proposed submittals before acting upon the proposed amendments. An original and nine (9) copies of any such submittals should be tendered.

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 61-4895; Filed, May 25, 1961;
8:46 a.m.]

[18 CFR Part 154]

[Docket No. R-199]

CONTRACTS BETWEEN INDEPENDENT PRODUCERS AND INTERSTATE NATURAL GAS COMPANIES CONTAINING CERTAIN PROVISIONS IN DAILY-CONTRACT-QUANTITY AND TAKE-OR-PAY-FOR CLAUSES

Non-Acceptability

May 22, 1961.

1. The Natural Gas Act (15 U.S.C. 717-717w) subjects to Federal Power Commission regulation the transportation and sale of natural gas in interstate commerce for resale and the natural gas companies engaged in such transportation and sale. Natural gas so sold by producing and gathering companies and persons is delivered pursuant to contracts which may contain provisions relating to (1) daily-contract-quantity; (2) the quantity of gas to be taken or paid for; and (3) the conditions under which such gas paid for but not taken may be taken without further costs.

2. The Commission's experience with the regulation of the natural gas industry since the 1954 decision of the Supreme Court in the Phillips Petroleum case (347 U.S. 672) and particularly since promulgation of the proviso in § 157.25, Exhibit B, and § 154.93 of the Commission's regulations, convinces it that clauses in contracts between independent producers and their interstate natural gas company purchasers for resale, which provide for a daily-contract-quantity in excess of one Mcf for each eight thousand (8,000) Mcf of dedicated original reserves, and a take-or-pay-for provision which exceeds eighty (80%) percent of such daily-contract-quantity on an annual basis, are not in the public interest.

3. The Commission recognizes that it is generally desirable and for the protection of consumers that gas-purchase contracts by interstate pipeline companies, when purchasing gas for interstate transportation or sale for resale, shall cover periods of maximum duration rather than only short limited periods. Nevertheless, such contracts which contain provisions which are contrary to the public interest should not be accepted for filing as rate schedules or should not be given formal recognition in support of certificate applications, and to that end—

4. Take notice that, pursuant to the authority vested in the Commission by the Natural Gas Act (52 Stat. 821) and particularly sections 4, 5, 7, and 16 thereof (15 U.S.C. 717c, 717d, 717f, and 717o), the Commission proposes to amend Part

154 of the regulations (18 CFR Part 154) under the Natural Gas Act as herein set forth, or in lieu thereof, if it is determined to be more appropriate, to amend the Commission's Statement of General Policy No. 61-1 as set out in Part 2 of the rules (18 CFR 2.56; 25 F.R. 13969; 26 F.R. 306). Also, take note that concurrently herewith in Docket No. R-200, we are issuing a Notice of Proposed Additions to the Commission's Statements of General Policy as to Certificate Applications, Rate Filings, Pipeline Quality Gas Standards, Delivery Conditions and Certain Price Adjustments.

A. Amend § 154.93, *Rate schedule defined*, by adding a provision at the end of thereof to read substantially as follows: "And provided further, That contracts for the transportation or sale of natural gas subject to the jurisdiction of the Commission executed on and after -----, 1961, containing daily-contract-quantity and take-or-pay-for provisions at variance with the following shall be inoperative and shall be of no effect at law; permissible to be included in a rate schedule are provisions which provide—"

(4) That the daily-contract-quantity shall not be greater than one (1) Mcf for each eight thousand (8,000) Mcf of original dedicated recoverable reserves. (Daily-contract-quantity shall mean that daily quantity which seller agrees to sell and deliver and which purchaser agrees to purchase and receive.)

(5) That the annual quantity of gas to be paid for by buyer, if not taken, shall not be greater than eighty (80%) percent of the daily-contract-quantity multiplied by the number of days in the year.

(6) That the buyer shall be required to take no more than seventy-five (75%) percent of the daily-contract-quantity in any one day, but shall be permitted to take, as a minimum, one hundred twenty-five (125%) percent of the daily-contract-quantity in any one day.

(7) That buyer, at no additional charge, shall have the right to receive gas paid for but not taken at any time during the twelve-month period immediately following the payment for such gas not taken.

5. Any interested person may submit to the Federal Power Commission, Washington 25, D.C., on or before June 22, 1961, data, views and comments in writing concerning the amendments proposed herein. The Commission will consider these written submittals before acting upon the proposed amendments. An original and nine (9) copies of any such submittals should be filed.

JOSEPH H. GUTRIDE,
Secretary,

[F.R. Doc. 61-4894; Filed, May 25, 1961;
8:46 a.m.]

Notices

DEPARTMENT OF AGRICULTURE

Office of the Secretary
ARKANSAS

Designation of Area for Production Emergency Loans

For the purpose of making production emergency loans pursuant to section 2(a) of Public Law 38, 81st Congress (12 U.S.C. 1148a-2(a)), as amended, it has been determined that in Fulton County, Arkansas, a production disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, or other responsible sources.

Pursuant to the authority set forth above, production emergency loans will not be made in the above-named county after December 31, 1961, except to applicants who previously received such assistance and who can qualify under established policies and procedures.

Done at Washington, D.C., this 23d day of May 1961.

ORVILLE L. FREEMAN,
Secretary.

[F.R. Doc. 61-4925; Filed, May 25, 1961;
8:50 a.m.]

WASHINGTON

Designation of Area for Production Emergency Loans

For the purpose of making production emergency loans pursuant to section 2(a) of Public Law 38, 81st Congress (12 U.S.C. 1148a-2(a)), as amended, it has been determined that in the State of Washington a 1959 production disaster has resulted in a continuing need for agricultural credit to cranberry growers not readily available from commercial banks, cooperative lending agencies, or other responsible sources.

Pursuant to the authority set forth above, production emergency loans will not be made in the above-named State after December 31, 1961, except to applicants who previously received such assistance and who can qualify under established policies and procedures.

Done at Washington, D.C., this 23d day of May 1961.

ORVILLE L. FREEMAN,
Secretary.

[F.R. Doc. 61-4927; Filed, May 25, 1961;
8:51 a.m.]

CALIFORNIA, IDAHO, MISSISSIPPI, NORTH CAROLINA AND UTAH

Designating Certain Lands as National Forests or Parts of National Forests; Correction

Pursuant to authority contained in section 11 of the act of March 1, 1911

(36 Stat. 963; 16 U.S.C. 521) it is hereby ordered as follows:

That part of the order of the Secretary of Agriculture dated January 12, 1961, published in the FEDERAL REGISTER of January 20, 1961 at pages 627 and 628, and correction notice published in the FEDERAL REGISTER of January 27, 1961 at page 853 designating certain lands in T. 12 N., R. 6 W., Choctaw Meridian to be administered as the Delta National Forest—Mississippi is corrected to read as follows:

T. 12 N., R. 6 W.,

Secs. 1, 12, 13, 14, 15, 22 those parts lying southerly or easterly of the Big Sunflower River;

Secs. 21, 22, those parts lying easterly or southerly of the Little Sunflower River;

Secs. 23 to 27, inclusive;

Sec. 28, those parts lying easterly of the Big Sunflower River and easterly or southerly of the Little Sunflower River;

Sec. 29, S $\frac{1}{2}$, and that part of the NE $\frac{1}{4}$ lying easterly, or southerly of the Little Sunflower River;

Sec. 30, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$;

Secs. 31 to 36, inclusive.

FRANK J. WELCH,
Assistant Secretary of Agriculture.

MAY 22, 1961.

[F.R. Dec. 61-4926; Filed, May 25, 1961;
8:50 a.m.]

DEPARTMENT OF HEALTH, EDU- CATION, AND WELFARE

Social Security Administration
CHILE

Finding Regarding Foreign Social Insurance and Pension System

Section 202(t) (2) of the Social Security Act (42 U.S.C. 402(t) (2)) authorizes and requires the Secretary of Health, Education, and Welfare to find whether a foreign country has in effect a social insurance or pension system which is of general application in such country and under which periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, retirement or death; and whether individuals who are citizens of the United States but not citizens of such foreign country and who qualify for such benefits are permitted to receive such benefits or the actuarial equivalent thereof while outside such foreign country without regard to the duration of the absence.

Pursuant to authority duly vested in him by the Secretary of Health, Education, and Welfare, the Commissioner of Social Security has considered evidence relating to the social insurance or pension system of Chile, from which evidence it appears that Chile has a social insurance or pension system of general application which pays periodic benefits on account of old age, retirement, or death, and under which citizens of the

United States, not citizens of Chile, who leave Chile, are permitted to receive benefits or their equivalent while outside that country.

Accordingly, it is hereby determined and found that Chile has in effect a social insurance or pension system which meets the requirements of Section 202 (t) (2) of the Social Security Act (42 U.S.C. 402(t) (2)).

[SEAL] W. L. MITCHELL,
Commissioner of Social Security.

Approved: May 19, 1961.

ABRAHAM RIBICOFF,
*Secretary of Health, Education,
and Welfare.*

[F.R. Doc. 61-4905; Filed, May 25, 1961;
8:47 a.m.]

ATOMIC ENERGY COMMISSION

[Docket No. 50-183]

GENERAL ELECTRIC CO.

Notice of Hearing on Application for Construction Permit

Pursuant to the Atomic Energy Act of 1954, as amended (hereinafter referred to as "the Act"), and the regulations in Part 2, 10 CFR, "Rules of Practice," notice is hereby given that a hearing will be held to consider the issuance of a construction permit to General Electric Company (hereinafter referred to as "the applicant"), 2151 South First Street, San Jose, California, for a 12.5 megawatt (thermal) experimental steam superheat nuclear reactor under section 104b and 185 of the Act. The reactor will be located at the applicant's Vallecitos Atomic Laboratory, Alameda County, California. The hearing will be conducted by a Presiding Officer to be designated by the Chief Hearing Examiner and will commence at 9:30 a.m., d.s.t., on June 29, 1961, and be held in the Auditorium of the Commission's Headquarters at Germantown, Maryland.

SPECIFICATIONS OF ISSUES

The issues to be considered at the hearing are:

1. Whether the applicant has submitted sufficient information to provide reasonable assurance that a utilization facility of the general type proposed in the application can be constructed and operated at the proposed location without undue risk to the health and safety of the public;

2. Whether there is reasonable assurance that the technical information omitted from and required to complete the application will be supplied;

3. Whether the applicant is technically qualified to design and construct the proposed facility;

4. Whether pursuant to § 50.40(b) of the AEC's regulations the applicant is financially qualified to design and construct the facility; and

5. Whether the construction of the reactor will be inimical to the common defense and security or to the health and safety of the public.

Answer to this notice of hearing shall be filed by the applicant in the manner prescribed by § 2.736 of the Commission's "Rules of Practice", 10 CFR Part 2, on or before June 14, 1961.

Petitions for leave to intervene must be received in the Office of the Secretary, Atomic Energy Commission, Germantown, Maryland, or in the AEC's Public Document Room, 1717 H Street NW., Washington, D.C., not later than thirty days after publication of this notice in the FEDERAL REGISTER, or in the event of a postponement of the hearing date specified above at such time as the Presiding Officer may provide.

For further information all interested persons are referred to the application which is available for public inspection at the AEC's Public Document Room, 1717 H Street NW., Washington, D.C.

The report of the Advisory Committee on Reactor Safeguards and the safeguards analysis prepared by the AEC in this regulatory staff matter will be available for public inspection in the AEC's Public Document Room and at the Commission's San Francisco Operations Office, 2111 Bancroft Way, Berkeley, California, prior to the hearing herein scheduled. A copy of each report may be obtained by request addressed to the Atomic Energy Commission, Washington 25, D.C., Attention: Director, Division of Licensing and Regulation or to the Office of Public Information, Atomic Energy Commission, 2111 Bancroft Way, Berkeley, California.

Papers required to be filed with the AEC in this proceeding shall be filed by mailing to the Secretary, Atomic Energy Commission, Washington 25, D.C., or may be filed in person at the Office of the Secretary, Atomic Energy Commission, Germantown, Maryland, or at the AEC's Public Document Room, 1717 H Street NW., Washington, D.C. Pending further order of the Presiding Officer, parties shall file twenty copies of each such paper with the AEC and where service of papers is required on other parties shall serve five copies of each.

Dated at Germantown, Md., this 24th day of May, 1961.

For the Atomic Energy Commission,

R. LOWENSTEIN,
Acting Director, Division of
Licensing and Regulation.

[F.R. Doc. 61-4963; Filed, May 25, 1961;
8:52 a.m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket Nos. 13977-13979; FCC 61M-904]

BIG HORN COUNTY MUSICASTERS ET AL.

Order Continuing Hearing Conference

In re applications of D. Gene Williams and Delbert Bertholf d/b as Big Horn

County Musicasters, Hardin, Montana, Docket No. 13977, File No. BP-13399; Elizabeth H. Brown, Kenneth Nybo, Charles B. Sande, Ben N. Forbes, Weymouth D. Symmes, A. L. La Bar, Rockwood Brown, Jr., Neal H. Brown, Barbara B. Bixby and Keith Brown, a Co-partnership d/b as Billings Broadcasting Co. (KBMV), Billings, Montana, Docket No. 13978, File No. BP-13470; KXLO Broadcast, Inc. (KXLO), Lewistown, Montana, Docket No. 13979, File No. BP-14144; for construction permits.

The Hearing Examiner having under consideration a joint request by letter received May 19, 1961, from Billings Broadcasting Co. and KXLO Broadcast, Inc., and

It appearing that the request seeks:

1. To change the dates for exchange of engineering cases from May 19 to May 26, 1961.

2. To change the date for the further prehearing conference from May 26 to June 2, 1961, and

It further appearing that counsel for Big Horn County Musicasters and for the Chief, Broadcast Bureau, the only other parties in this proceeding, have stated that they consent to the changes in schedule here requested,

It is ordered, This 22d day of May 1961, that the aforesaid request is granted and that the above changes are accordingly made,

It is further ordered, That the aforesaid prehearing conference shall commence at 10:00 a.m. in the Commission's offices in Washington, D.C.

Released: May 23, 1961.

FEDERAL COMMUNICATIONS

COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 61-4928; Filed, May 25, 1961;
8:51 a.m.]

[Docket Nos. 14121, 14122; FCC 61-658]

GERICO INVESTMENT CO. AND BOARD OF PUBLIC INSTRUCTION OF DADE COUNTY, FLORIDA

Order Designating Applications for Consolidated Hearing on Stated Issues

In re applications of Gerico Investment Company, Fort Lauderdale, Florida, for renewal of licenses of Television Station WITV and Auxiliary Station KC-5744, Docket No. 14121, File Nos. BRCT-266, BRTP-247; The Board of Public Instruction of Dade County, Florida, Fort Lauderdale, Florida, for construction permit, Docket No. 14122, File No. BPCT-2849.

At a session of the Federal Communications Commission held at its offices in Washington, D.C., on the 17th day of May 1961;

The Commission having under consideration the above-captioned applications, that of Gerico Investment Company requesting renewal of its license for Television Broadcast Station WITV, Channel 17, Fort Lauderdale, Florida, and that of The Board of Public Instruction of Dade County, Florida, requesting

a construction permit for a new television broadcast station to operate on Channel 17, Fort Lauderdale, Florida; and

It appearing that the applications of Gerico Investment Company and The Board of Public Instruction of Dade County, Florida, are mutually exclusive in that operation by both applicants as proposed would result in mutually destructive interference; and

It further appearing that Station WITV ceased operation on May 11, 1958, due to financial difficulties, and has since remained inoperative; that the WITV tower, real estate and certain broadcast equipment have since been sold to The Board of Public Instruction of Dade County, Florida, so that Gerico Investment Company no longer owns the licensed facilities for which it filed its application for renewal of license; and

It further appearing that on February 14, 1961, in reply to an inquiry by the Commission, Gerico Investment Company indicated that it desires a hearing on its application for renewal, but that it has not shown that it is financially qualified either to replace its equipment or to resume operation; and

It further appearing that upon due consideration of the above-captioned applications, the amendments thereto, and the above-mentioned letter, the Commission finds that pursuant to section 309(e) of the Communications Act of 1934, as amended, a hearing is necessary; that The Board of Public Instruction of Dade County, Florida, is legally, technically, financially and otherwise qualified to construct, own and operate the proposed television broadcast station; and that Gerico Investment Company is legally qualified to own and operate Station WITV and is otherwise so qualified except as to issues 1 through 4 below.

It is ordered, That pursuant to section 309(e) of the Communications Act of 1934, as amended, the above-captioned applications of The Board of Public Instruction of Dade County, Florida, and Gerico Investment Company are designated for hearing in a consolidated proceeding at a time and place to be specified in a subsequent order, upon the following issues:

1. To determine whether Gerico Investment Company is technically qualified to operate Station WITV.
2. To determine whether Gerico Investment Company is financially qualified to operate Station WITV.
3. To determine whether the applicant has abandoned the broadcast facility which it is licensed to operate.
4. To determine on a comparative basis which of the operations proposed in the above-captioned applications would better serve the public interest, convenience and necessity in light of the significant differences between the applicants as to:

(a) The background and experience of each having a bearing on its ability to own and operate the proposed television broadcast station.

(b) The proposals of each with respect to the management and operation of the proposed television broadcast station.

(c) The programming service proposed in each of the above-captioned applications.

5. To determine in the light of the evidence adduced pursuant to the foregoing issues, which of the applications should be granted.

It is further ordered, That the issues in the above-entitled proceeding may be enlarged by the Examiner on his own motion or on petition properly filed by a party to the proceeding and upon a sufficient allegation of facts in support thereof, by the addition of the following issue: To determine whether the funds available to the applicants will give reasonable assurance that the proposals set forth in the applications will be effectuated.

It is further ordered, That to avail themselves of the opportunity to be heard Gerico Investment Company and The Board of Public Instruction of Dade County, Florida, pursuant to § 1.140(c) of the Commission's rules, in person or by attorney, shall within twenty (20) days of the mailing of this order file with the Commission, in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this order.

It is further ordered, That the applicants herein shall, pursuant to section 311(a)(2) of the Communications Act of 1934, as amended, and § 1.362(b) of the Commission's rules, give notice of the hearing (either individually or, if feasible, jointly), within the time and in the manner prescribed in such rule, and shall advise the Commission of the publication of such notice as required by § 1.362(c) of the rules.

Released: May 23, 1961.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 61-4929; Filed, May 25, 1961;
8:51 a.m.]

[Docket No. 14105, 14106; FCC 61M-901]

JAMES V. PERRY AND QUESTS, INC.

Order Continuing Hearing Conference

In re applications of James V. Perry, Grove City, Pennsylvania, Docket No. 14105, File No. BP-13574; Quests, Inc., Ashtabula, Ohio, Docket No. 14106, File No. BP-13786; for construction permits.

Upon the Hearing Examiner's own motion: *It is ordered*, This 22d day of May 1961, that the Prehearing Conference now scheduled for June 1, 1961, be, and the same is hereby rescheduled for June 5, 1961, 2:00 p.m., in the offices of the Commission, Washington, D.C.

Released: May 22, 1961.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 61-4930; Filed, May 25, 1961;
8:51 a.m.]

[Docket Nos. 14015-14018; FCC 61M-905]

SANDS BROADCASTING CORP. ET AL.

Order Following Second Prehearing Conference

In re applications of Sands Broadcasting Corporation, Indianapolis, Indiana, Docket No. 14015, File No. BP-12700; WIFE Corporation, Indianapolis, Indiana, Docket No. 14016, File No. BP-13288; Hoosier Broadcasting Corporation, Indianapolis, Indiana, Docket No. 14017, File No. BP-14000; Independent Indianapolis Broadcasting Corporation, Indianapolis, Indiana, Docket No. 14018, File No. BP-14032; for construction permits.

The Hearing Examiner having under consideration:

(1) The transcript of the prehearing conference held on May 9, 1961;

(2) The Order Following Prehearing Conference released by the Examiner on May 11, 1961, wherein the hearing herein was rescheduled to commence on October 9, 1961;

(3) A Petition for Reconsideration and Restoration of Initially Scheduled Hearing Date or Alternative Relief, filed on May 11, 1961, on behalf of Independent Indianapolis Broadcasting Corporation, and four affidavits executed by officers of Independent Indianapolis, submitted at the further prehearing conference on May 15, 1961, and received as part of the attachments to the aforementioned petition for reconsideration;

(4) An Order on petition for reconsideration of scheduled hearing date released on May 12, 1961, setting a further prehearing conference for May 15, at which time the Hearing Examiner heard argument on the relief requested in the petition for reconsideration; and

(5) The transcript of the further prehearing conference at which arguments were made by the various parties on the above-mentioned petition;

It appearing that there are pending before the Commission for consideration petitions to enlarge the issues filed by Independent Indianapolis Broadcasting Corporation on April 24 and May 2, 1961, and by Hoosier Broadcasting Corporation on April 24, 1961;

It further appearing that counsel for WIFE Corporation has stated that he intends to file a petition within the time specified in the Examiner's Order released May 11, for the inclusion of an issue relating to the question of whether funds available to one or more of the other applicants will give reasonable assurance that the proposal set forth in the respective applications will be effectuated (Evansville Issue);

It further appearing that counsel for Sands Broadcasting Corporation and Hoosier Broadcasting Corporation have stated for the record that each of them has under consideration the filing of similar petitions with respect to one or more of the other applicants;

It further appearing that oppositions to the respective Evansville petitions would be filed by counsel for the parties at whom such petitions are directed and that the Broadcast Bureau expects to file comments with respect to such petitions as may be submitted to the Examiner;

It further appearing that in view of the potential number of such petitions, and the various parties at whom they may be directed, a reasonable time must be allowed for action thereon; and that it would not be conducive to prompt and orderly disposition of the issues specified for resolution in this matter until such time as a decision is reached on the various requests for the inclusion of Evansville issues;

It further appearing that both counsel for Sands Broadcasting Corporation and the Broadcast Bureau have stated that they will be absent from Washington, D.C., from the period July 10 through the end of July, participating in proceedings heretofore designated by this Commission;

It further appearing that counsel for WIFE Corporation and Hoosier Broadcasting Corporation have stated for the record that, because of prior commitments and other problems involving either themselves or their clients, it would be difficult, if not impossible, for them to be prepared with their cases before some time in July;

It further appearing that there is a long-standing Commission policy against the holding of hearings during the month of August and that it was the consensus of all parties that they would not prefer to start the hearing on August 28, 1961;

It further appearing that it was the consensus of the parties, other than counsel for the Broadcast Bureau, that if the hearing could not be started during June or July, the 25th of September was the earliest practicable date after the August recess on which the hearing should commence, and that counsel for the Broadcast Bureau, while indicating a preference to begin on September 5, stated he would voice no objection to the September 25 date because of the problems presented to other counsel in connection with the holidays in September; and

It further appearing that in view of all of the foregoing considerations, particularly the pendency of Evansville petitions, and the commitments of counsel to participate in other out-of-town proceedings heretofore scheduled by this Commission, it would not be possible to allow sufficient time for the exchange of exhibits and notification of witnesses and to make any appreciable progress in the actual hearing before the August recess;

It is ordered, This 19th day of May 1961, that the Petition for Reconsideration and Restoration of Initially Scheduled Hearing Date is denied;

It is further ordered, That the hearing, which was heretofore rescheduled to commence on October 9, 1961, is hereby further rescheduled to commence on September 25, 1961, at 10:00 a.m., at the Offices of the Commission in Washington, D.C.

Released: May 23, 1961.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 61-4931; Filed, May 25, 1961;
8:51 a.m.]

[Canadian List 160]

CANADIAN BROADCAST STATIONS**List of Changes, Proposed Changes, and Corrections in Assignments**

MAY 5, 1961.

Notification under the provisions of Part III section 2 of the North American Regional Broadcasting Agreement.

List of changes, proposed changes, and corrections in Assignments of Canadian Broadcast Stations Modifying Appendix containing assignments of Canadian Broadcast Stations (Mimeograph No. 47214-3) attached to the recommendations of the North American Regional Broadcasting Agreement Engineering Meeting.

Call letters	Location.	Power kw	Antenna	Sched-ule	Class	Expected date of commencement of operation
New-----	Marystown, Newfound-land.	560 kilocycles 1 kw D/0.5 kw N.	ND	U	III	EIO 5-15-62.
CJDC (PO: 1350 kc 1 kw ND).	Dawson Creek, British Columbia.	10 kw-----	DA-N	U	III	Do.
New (notified on List 145 for 1 kw 600 kc ND).	Grand Falls, Newfound-land.	600 kilocycles 5 kw-----	DA-1	U	III	Do.
New-----	Fredericton, New Bruns-wick.	900 kilocycles 1 kw-----	DA-1	U	II	Do.
Do-----	Goderich, Ontario-----	1410 kilocycles 1 kw-----	DA-N	U	III	Do.

[SEAL]

FEDERAL COMMUNICATIONS COMMISSION,
BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 61-4934; Filed, May 25, 1961; 8:51 a.m.]

[Docket No. 13963; FCC 61M-897]

YOAKUM COUNTY BROADCASTING CO.**Order Advancing Hearing Date**

In re application of Claude Calvin McAdams, tr/as Yoakum County Broadcasting Company, Denver City, Texas, Docket No. 13963, File No. BP-13531; for construction permit.

The Hearing Examiner having under consideration a "Motion to Advance" filed April 28, 1961, by counsel for Yoakum County Broadcasting Company, requesting that the hearing presently scheduled for June 1, 1961 be advanced one day or otherwise rescheduled at the convenience of the Examiner;

It appearing that the motion is prompted by the requirement for applicant's counsel to participate in another proceeding before the Commission on June 1, 1961; and

It further appearing that counsel for the only other party herein, the Broadcast Bureau, has consented to advancement of the hearing to May 31, 1961, that the Hearing Examiner's docket will permit the rescheduling of the hearing in this matter to such date, and that good cause exists for advancing the hearing date as requested in the motion;

Accordingly, it is ordered, this 19th day of May 1961, that the aforementioned motion is granted insofar as it requests advancement of the hearing to May 31, 1961 and is denied as to the request for otherwise rescheduling it at

the convenience of the Examiner, and the hearing heretofore scheduled for June 1, 1961, is hereby advanced to May 31, 1961, at 10:00 a.m., in the offices of the Commission at Washington, D.C.

Released: May 22, 1961.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 61-4932; Filed, May 25, 1961; 8:51 a.m.]

[Docket No. 13973; FCC 61M-900]

YPSILANTI-ANN ARBOR BROADCASTING CO.**Order Scheduling Hearing**

In re application of Craig E. Davids and Roy W. McLean d/b as Ypsilanti-Ann Arbor Broadcasting Co., Ypsilanti, Michigan, Docket No. 13973, File No. BP-13221; for construction permit.

It is ordered, This 22d day of May 1961, that the hearing in this proceeding will be held on June 6, 1961, 10:00 a.m., in the offices of the Commission, Washington, D.C.

Released: May 22, 1961.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 61-4933; Filed, May 25, 1961; 8:51 a.m.]

FEDERAL POWER COMMISSION

[Docket Nos. AR61-2, etc.]

SOUTHERN LOUISIANA AREA**Order Instituting Rate Proceeding, Consolidating Proceedings and Prescribing Preliminary Procedure; Correction**

MAY 19, 1961.

In F.R. Doc. 61-4494, appearing at page 4296 of the issue for Wednesday, May 17, 1961, the following corrections are made in Appendix B:

The California Company: add "G-13293".

Gulf Oil Corporation: delete "CI60-43".

Socony Mobil Oil Co., Inc.: add "G-13746".

Socony Mobil Oil Co., Inc.: delete "G-13780".

Tidewater Oil Company: delete "CI60-142".

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 61-4889; Filed, May 25, 1961; 8:45 a.m.]

[Docket No. AR61-2 etc.]

SOUTHERN LOUISIANA AREA**Order Consolidating Area Rate Proceedings**

MAY 19, 1961.

Area Rate Proceeding, Docket No. AR61-2, etc.; Humble Oil and Refining Corporation, Docket No. G-15227; The Ohio Oil Company, Docket No. G-15542; Phillips Petroleum Company, Operator, Docket Nos. G-16611, G-16612; Commonwealth Oil Co., Docket No. G-16679; Kerr-McGee Oil Industries, Inc., Docket Nos. G-16718, G-16719; Republic Natural Gas Company, et al., Docket No. G-16540; Kerr-McGee Oil Industries, Inc., Docket No. G-17381; Pan American Petroleum Corporation, Docket No. G-17417; Phillips Petroleum Company and Southern Natural Gas Company, Docket No. G-17444; Phillips Petroleum Company, Docket No. G-17447; Cities Service Production Company, Operator, et al., Docket No. G-16854; J. Ray McDermott and Co., Inc., et al., Docket Nos. G-17197, G-18053; Austral Oil Company, Inc., Docket No. G-17563; Trice Production Company, et al., Docket No. G-17635; Humble Oil and Refining Company, Docket No. G-17772; Hurley Oil and Gas Company, et al., Docket No. G-17775; Texaco Seaboard, Inc., Docket No. G-17779; Paul F. Barnhart, Docket No. G-17977; K & H Operating Company, Operator, Docket No. G-18058; George R. Brown, et al., Docket No. G-18131; Shell Oil Company, Docket Nos. G-18334, G-18402; Zapata Offshore Company, Operator, Docket No. G-18369; Hunt Oil Company, Docket No. G-18596; Roy M. Huffington, Docket No. G-18680; Ten-

nessee Gas Transmission Company, Docket No. CP60-6.

We have decided that the above-designated proceedings in Docket Nos. G-15227, et al., each of which concerns an application for authority to sell gas produced in Southern Louisiana, should be consolidated with the area rate proceeding which we have instituted in Docket No. AR61-2 and heard anew on the record in that area proceeding.

The proceedings in Docket Nos. G-15227 and G-15542 are before us on exceptions filed by the Public Service Commission of the State of New York, Humble Oil and Refining Corporation, The Ohio Oil Company, and United Gas Pipe Line Company to the Presiding Examiner's decision (issued January 29, 1960). The proceedings in Docket Nos. G-16611, G-16612, G-16679, G-16718, and G-16719 are before us on exceptions to the decision of the Presiding Examiner (issued June 17, 1960) filed by Kerr-McGee Oil Industries, Inc., Phillips Petroleum Company, Tennessee Gas Transmission Company and our staff. In each instance we agree with the Examiner that the applicants have not shown that the public convenience and necessity requires their sales at the initial prices proposed. However, rather than determine whether to deny the applications or to issue conditional certificates, as did the Examiner in each case, we shall reset these applications for consolidated hearing in AR61-2, et al.

By order of November 17, 1959, in Transcontinental Gas Pipe Line Corporation, Docket Nos. G-16603, et al., we issued certificates to the applicants in Docket Nos. G-16540, G-17381, G-17417, G-17444, and G-17447, among others. By order issued January 15, 1960, we granted rehearing as to these applications for the purpose of reconsideration. We are now convinced that these applications should be redetermined and that the public interest calls for their consolidation with Docket Nos. AR61-2, et al., rather than the reopening of the record in G-16603, et al.

Finally Docket Nos. G-16854, et al., are before us for decision upon waiver of the intermediate decision process in Transcontinental Gas Pipe Line Corporation, Docket Nos. G-20107, et al. By order of May 17, 1961, we have issued certain certificates in that proceeding but deferred action as to the applications in Docket Nos. G-16854, et al. For reasons similar to those stated above we are of the opinion that the public interest will best be served by resetting these applications for hearing in the consolidated area rate proceeding.

The Commission finds: The public interest calls for determination of the above-captioned applications in Docket Nos. G-15227, et al., on a consolidated record in Docket Nos. AR61-2, et al.

The Commission orders:

(A) The proceedings in Docket Nos. G-16540, G-17381, G-17417, G-17444, and G-17447 be and the same hereby are severed from the proceedings in Docket Nos. G-16603, et al.

(B) The proceedings in Docket Nos. G-16854, G-17197, G-18053, G-17563, G-17635, G-17772, G-17775, G-17779, G-

17977, G-18058, G-18131, G-18334, G-18402, G-18369, G-18596, G-18680, and CP60-6 be and the same are hereby severed from the proceedings in Docket Nos. G-20107, et al.

(C) The applications for certificates of public convenience and necessity in the proceedings severed by ordering paragraphs (A) and (B), as well as those in Docket Nos. G-15227, G-15542, G-16611, G-16612, G-16679, G-16718, and G-16719, be and the same are hereby consolidated for hearing with the proceedings in Docket Nos. AR61-2, et al.

By the Commission.

[SEAL]

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 61-4890; Filed, May 25, 1961;
8:45 a.m.]

[Docket No. E-6640]

NIAGARA MOHAWK POWER CORP.

Notice of Application

MAY 19, 1961.

Take notice that Niagara Mohawk Power Corporation (Applicant), incorporated under the laws of the State of New York, with its principal place of business at Syracuse, New York, filed an application on May 8, 1961, as amended on May 11, 1961, for an order, pursuant to section 202(e) of the Federal Power Act, authorizing an increase in the amount and rate of transmission of electric energy which Applicant may transmit from the United States to Canada.

By Commission order issued March 16, 1956, in the above docket, Applicant was authorized to transmit electric energy from the United States to Canada in an amount not in excess of 400,000 kilowatt-hours per year at a rate of transmission not to exceed 50 kilowatts. Applicant now seeks to increase to 600,000 kilowatt-hours the maximum amount and to 100 kilowatts the maximum rate of transmission of electric energy which may be transmitted annually from the United States to Canada.

The amount of electric energy which Applicant proposes to export, like that amount presently exported pursuant to the authorization heretofore granted, is to be transmitted from a point near the Hamlet of Chapman, Town of Fort Covington, Franklin County, New York, to a point on the international boundary between the United States and Canada near the St. Regis Indian Reservation in the Province of Quebec, Canada, over certain facilities specified in the permit signed by the Chairman of the Federal Power Commission on January 24, 1956, and released to Applicant concurrently with the issuance of the above-mentioned Commission order, all in the above docket. As at present, the energy proposed to be exported will be sold by Applicant to The Shawinigan Water and Power Company for distribution in the St. Regis Indian Reservation.

Any person desiring to be heard or to make any protest with reference to the application should, on or before June 12, 1961, file with the Federal Power Commission, Washington 25, D.C., a petition

or protest in accordance with the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). The application is on file with the Commission and available for public inspection.

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 61-4891; Filed, May 25, 1961;
8:45 a.m.]

[Project Nos. 2243, 2273]

PACIFIC NORTHWEST POWER CO. AND WASHINGTON PUBLIC POWER SUPPLY SYSTEM

Order Approving Examiner's Continuance of Hearing More Than 30 Days and Sustaining Denial of Motion for Leave To File Amended Application

MAY 19, 1961.

By reason the Presiding Examiner's certification to the Commission of his ruling of May 2, 1961, in the above-entitled consolidated proceeding, and the appeal of Washington Public Power Supply System on May 12, 1961, to a part of that ruling, there are two matters before the Commission. First, approval or disapproval of continuance of a hearing for more than 30 days under § 1.13(e) of the rules of practice and procedure, and second, the appeal of the portion of the ruling of May 2, 1961, denying the motion of Washington Public Power Supply System filed April 24, 1961, for leave to file an amendment of its pending Nez Perce application in Project No. 2273 for a license to construct an alternative High Mountain Sheep project.

It appears that good reason has been shown for continuing the hearing to June 12, 1961, in Washington, D.C., as fixed by the Presiding Examiner.

Upon consideration of the pleadings and ruling, it is concluded that no good reason has been shown why the Commission should permit the filing of the proposed amendment at this stage of the proceedings. It is the view of the Commission that the Presiding Examiner's distinction of the matter of the City of Seattle and Pend Oreille PUD No. 1, Project No. 2144, relied upon by Washington Public Power Supply System, from the present matter on the grounds that the amendment here proposes construction of a different project at a different site rather than proposing a change in construction of the applicant's original project at the original site is well taken. It is not necessary at this time to consider the question of priority under section 7(a) of the Federal Power Act as raised by Washington Public Power Supply System. For the reason stated in the Presiding Examiner's ruling, denial of the motion for leave to file the amendment of the application is justified.

The Commission orders:

(A) Continuance of the hearing until June 12, 1961, in Washington, D.C., at 10 a.m., as fixed by the Presiding Examiner is approved.

(B) The Presiding Examiner's denial of the motion of Washington Public

Power Supply System of April 24, 1961, to amend its application is sustained.

By the Commission.

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 61-4892; Filed, May 25, 1961;
8:45 a.m.]

[Docket No. CP61-279]

SOUTHERN NATURAL GAS CO.

Notice of Application and Date of Hearing

MAY 19, 1961.

Take notice that on April 24, 1961, Southern Natural Gas Company (Applicant), Watts Building, Birmingham, Alabama, filed in Docket No. CP61-279 an application pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the construction and operation of lateral and field facilities to enable Applicant to take into its certificated main pipeline system natural gas which will be purchased from time to time during the 12-month period August 7, 1961, through August 6, 1962, at a total cost not in excess of \$3,000,000, with no single project to exceed a cost of \$500,000, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

The purpose of this "budget-type" application is to augment Applicant's ability to act with reasonable dispatch in contracting for and connecting to its existing pipeline system new supplies of natural gas in various producing areas generally coextensive with said system.

This matter is one that should be disposed of as promptly as possible under the applicable rules and regulations and to that end:

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, and the Commission's rules of practice and procedure, a hearing will be held on June 20, 1961, at 9:30 a.m., e.d.s.t., in a Hearing Room of the Federal Power Commission, 441 G Street NW., Washington, D.C., concerning the matters involved in and the issues presented by such application: *Provided, however*, That the Commission may, after a non-contested hearing, dispose of the proceeding pursuant to the provisions of § 1.30(c) (1) or (2) of the Commission's rules of practice and procedure. Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Applicant to appear or be represented at the hearing.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D.C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before June 9, 1961. Failure of any party to appear at and participate in the hearing shall be construed as waiver of and concurrence in omission herein of the inter-

mediate decision procedure in cases where a request therefor is made.

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 61-4893; Filed, May 25, 1961;
8:45 a.m.]

SECURITIES AND EXCHANGE COMMISSION

[File No. 70-3943]

PENN FUEL GAS, INC., AND JOHN H. WARE, 3d

Notice of Proposed Acquisition of Shares of Common Stock of Three Public-Utility Companies

MAY 19, 1961.

Notice is hereby given that Penn Fuel Gas, Inc., Oxford, Pa. ("Penn Fuel"), a holding company which, subject to certain conditions, is exempt as a holding company from the provisions of the Public Utility Holding Company Act of 1935 ("Act"), and John H. Ware, 3d ("Ware"), the president and an affiliate of Penn Fuel, have filed a joint application, pursuant to the Act, regarding the proposed acquisition by Penn Fuel of all the shares of the common stock of three public-utility companies and have designated sections 9 and 10 of the Act as applicable thereto.

All interested persons are referred to the joint application on file at the office of the Commission for a description of the proposed transaction which is summarized below.

Penn Fuel, a Pennsylvania corporation, has sixteen gas utility subsidiaries, all Pennsylvania corporations and all operating entirely within that State. Ware owns approximately 80 percent of the outstanding shares of common stock of Penn Fuel. Ware also owns all of the outstanding shares of the common stock of three gas utility companies, Counties Gas Company ("Counties"), Curwensville Gas Company ("Curwensville"), and Jersey Shore Gas & Heating Company ("Jersey Shore"), each of which is a Pennsylvania corporation operating entirely within that State. Penn Fuel proposes to acquire all of the shares of common stock of Counties, Curwensville, and Jersey Shore and to issue 31,962 shares of its common stock to Ware in payment for such shares.

Counties and Curwensville distribute natural gas to the public in the borough of Philipsburg, Centre County, and Curwensville, Clearfield County, respectively, and neighboring communities, and also supply natural gas to industrial customers. Jersey Shore distributes natural gas to the public in the borough of Jersey Shore, Lycoming County, and vicinity. At December 31, 1960, the total assets of Counties, Curwensville, and Jersey Shore were \$353,427, \$258,376, and \$187,658, respectively, and for the year then ended the respective revenues of the three companies were \$255,759, \$283,677, and \$91,153. The net incomes applicable to the

common stocks of the three companies for this period were \$14,834, \$19,108, and \$3,269, respectively.

The consolidated net earnings of Penn Fuel and subsidiaries for the year 1960, applicable to the Penn Fuel common stock, were \$123,784, equivalent to 54 cents per share on the 228,412 shares of such stock outstanding at the end of the year.

The joint application states no State and no Federal commission, other than this Commission, has jurisdiction over the proposed transaction. The fees, commissions, and expenses incident to the proposed transaction are estimated not to exceed \$2,000, all of which will be paid by Penn Fuel.

Notice is further given that any interested person may, not later than June 15, 1961, request in writing that a hearing be held on such matter, stating the nature of his interest, the reasons for such request, and the issues of fact or law raised by the filing which he desires to controvert, or he may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, Washington 25, D.C. At any time after said date, the joint application, as filed or as it may be amended, may be granted as provided in Rule 23 of the general rules and regulations promulgated under the Act, or the Commission may grant exemption from such rules as provided in Rules 20(a) and 100 thereof or take such other action as it may deem appropriate.

By the Commission.

[SEAL]

ORVAL L. DuBOIS,
Secretary.

[F.R. Doc. 61-4901; Filed, May 25, 1961;
8:47 a.m.]

[File No. 812-1295]

PRINCIPAL CERTIFICATE SERIES, INC.

Notice of Filing of Application for Order Approving Depositary Agreement of Face-Amount Certificate Company

MAY 18, 1961.

Notice is hereby given that Principal Certificate Series, Inc., Seattle, Wash. ("Principal"), a registered face-amount certificate company, has filed an application pursuant to section 28(c) of the Investment Company Act of 1940 ("Act") for an order approving a depositary agreement, as amended ("Amended Agreement"), between Principal and Bankers Trust Company ("Bank"), wherein Principal undertakes to deposit and maintain with Bank qualified investments and reserves as required by section 28 of the Act with respect to its Series of certificates mentioned below.

By order dated June 8, 1960, the Commission approved a depositary agreement dated as of June 15, 1960, between Principal and Bank pursuant to section 28(c), which agreement provided for the deposit and maintenance by Principal with Bank of qualified investments and

reserves as required by section 28 with respect to its Series 6, 10, 15, 20, and Single Payment certificates in accordance with terms specified in said agreement. The Amended Agreement, approval of which is now sought by Principal, extends the provisions of the original agreement to the following additional Series of certificates which Principal contemplates issuing: Short-Term Single Payment Certificate Series A-3, A-5, A-7, and A-10. Consequently, the Amended Agreement applies to the following certificates of Principal: Series 6, 10, 15, 20, and Single Payment certificates and Short-Term Single Payment Certificates Series A-3, A-5, A-7, and A-10.

The Amended Agreement, as does the original agreement, provides, among other things, that Principal shall at all times deposit and maintain with the Bank qualified assets having an aggregate value at least equal to its minimum certificate reserves which shall be held separate and segregated and that Principal may withdraw assets on deposit for the purpose of retiring certificates, or for any purpose if the remaining assets on deposit will equal the minimum reserve requirements. Assets representing minimum reserves for certificates sold within certain States which States require that such reserves be held by a depository or depositories within such States may, for the above minimum reserve requirements, be deducted in computing assets of Principal to be held by the Bank.

Section 28(c) provides, among other things, that the Commission shall by rule, regulation, or order, in the public interest or for the protection of investors, require a registered face-amount certificate company to deposit and maintain, upon such terms and conditions as the Commission shall prescribe and as are appropriate for the protection of investors, with one or more institutions having the qualifications required by section 26(a) (1) of the Act for a trustee of a unit investment trust, all or any part of the investments maintained by such company as certificate reserve requirements under the provisions of section 28(b) of the Act.

Notice is further given that any interested person may, not later than June 2, 1961, at 5:30 p.m., e.d.s.t., submit to the Commission in writing a request for a hearing on the matter accompanied by a statement as to the nature of his interest, the reason for such request and the issues of fact or law proposed to be controverted, or he may request that he be notified if the Commission should order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington 25, D.C. At any time after said date, as provided by Rule O-5 of the rules and regulations promulgated under the Act, an order disposing of the application herein may be issued by the Commission upon the basis of the showing contained in said application, unless an order for hearing upon said applica-

tion shall be issued upon request or upon the Commission's own motion.

By the Commission.

[SEAL]

ORVAL L. DuBOIS,
Secretary.

[F.R. Doc. 61-4902; Filed, May 25, 1961;
8:47 a.m.]

[File No. 70-3972]

SOUTHERN ELECTRIC GENERATING CO.

Notice of Proposed Issuance and Sale of First Mortgage Bonds and Proposed Issuance of Notes to Banks

MAY 19, 1961.

Notice is hereby given that Southern Electric Generating Company, Birmingham, Ala. ("SEGC"), a public-utility company and a subsidiary company of Alabama Power Company ("Alabama") and Georgia Power Company ("Georgia"), which are public-utility companies and subsidiary companies of The Southern Company, a registered holding company, has filed an application with this Commission pursuant to the Public Utility Holding Company Act of 1935 ("Act"), designating section 6(b) thereof and Rule 50 promulgated thereunder as applicable to the proposed transactions.

All interested persons are referred to the application, on file at the office of the Commission, for a statement of the transactions therein proposed which are summarized as follows:

SEGC proposes to issue and sell, subject to the competitive bidding requirements of Rule 50 under the Act, \$20,000,000 principal amount of First Mortgage Bonds, -- percent Series of 1961 due 1992. The interest rate on the new bonds (which will be a multiple of $\frac{1}{8}$ of 1 percent) and the price, exclusive of accrued interest, to be paid SEGC (which will be not less than 99 percent nor more than 102 $\frac{3}{4}$ percent of the principal amount thereof) will be determined by the competitive bidding. The bonds will be issued under the Indenture dated as of June 1, 1959, between SEGC and The First National City Bank of New York, as Trustee, as heretofore supplemented and as to be further supplemented by a Supplemental Indenture to be dated as of June 1, 1961.

SEGC also proposes to issue, from time to time commencing on or after July 1, 1961, and prior to July 1, 1962, up to an aggregate of \$20,000,000 of notes, to be dated in each case as of the date of the borrowing and to mature not more than eighteen months after the date of the initial borrowing thereunder. The notes will bear interest at the prime rate (currently 4 $\frac{1}{2}$ percent per annum) in effect at The First National City Bank of New York in New York City on the date of the borrowing represented thereby and are prepayable, in whole or in part, without penalty or premium.

The lending banks and the maximum amounts of notes to be issued to each bank are as follows:

Names of banks	Maximum amounts of notes to be issued
The First National City Bank of New York, New York, N.Y.-----	\$4,000,000
Chemical Bank New York Trust Co., New York, N.Y.-----	3,000,000
Morgan Guaranty Trust Co. of New York, New York, N.Y.-----	3,000,000
The Chase Manhattan Bank, New York, N.Y.-----	2,000,000
Bankers Trust Co., New York, N.Y.-----	1,600,000
Irving Trust Co., New York, N.Y.-----	1,600,000
The Citizens & Southern National Bank, Atlanta, Ga.-----	1,100,000
The First National Bank of Atlanta, Atlanta, Ga.-----	1,100,000
Trust Company of Georgia, Atlanta, Ga.-----	800,000
United States Trust Co. of New York, New York, N.Y.-----	800,000
The First National Bank of Birmingham, Birmingham, Ala.-----	500,000
Birmingham Trust National Bank, Birmingham, Ala.-----	300,000
The Fulton National Bank, Atlanta, Ga.-----	200,000
Total -----	20,000,000

SEGC proposes to deposit the proceeds from the sale of the new bonds in a construction fund provided for under the Indenture and to withdraw such funds against expenditures made or incurred in the construction of the SEGC No. 1 Steam Plant. Such proceeds will be used in part for the payment of \$18,000,000 of outstanding notes to banks incurred for such purpose, and the balance of such proceeds and the proceeds from the sale of the notes to banks, together with \$2,000,000 from the sale of 20,000 shares of its common stock to Alabama and Georgia this year, will be used to continue the construction of the SEGC No. 1 Steam Plant.

By order dated August 26, 1960 (Holding Company Act Release No. 14275), the Commission authorized SEGC to issue notes to banks, from time to time during the period from September 1, 1960, to July 1, 1961, up to the aggregate maximum amount of \$28,000,000. SEGC has issued only \$18,000,000 face amount of notes under this authorization, and the application states that it surrenders the authority to issue the remaining \$10,000,000 face amount of notes.

By order dated February 7, 1961 (Holding Company Act Release No. 14368), the Commission authorized SEGC to issue and sell 30,000 shares of common stock to Alabama and Georgia, in equal amounts, for an aggregate consideration of \$3,000,000. SEGC now proposes to issue only 20,000 shares of common stock for an aggregate consideration of \$2,000,000 and states in its application that it surrenders the authority to issue the remaining 10,000 shares of common stock.

The application states that the only expenses to be incurred in connection with the issuance of the notes are legal fees, estimated at \$750, and miscellaneous expenses, estimated at \$500. The expenses to be incurred with respect to the issuance and sale of the new bonds are estimated by the company as follows:

Alabama mortgage privilege tax.....	\$30,000
Federal original issue tax.....	22,000
Filing fee—Securities and Exchange Commission.....	2,060
Recording supplemental indenture.....	300
Charges of trustee (including counsel).....	9,250
Cost of definitive bonds.....	4,700
Printing and preparation of registration statement, prospectus, competitive bidding papers, supplemental indenture, etc.....	14,000
Fees of counsel, Winthrop, Stimson, Putnam & Roberts.....	12,500
Fee of accountants, Arthur Andersen & Co.....	7,000
Services of Southern Services, Inc.....	9,000
Miscellaneous, including telephone and telegraph charges and traveling expenses.....	3,000
	113,810

The fee of Simpson Thacher & Bartlett, counsel for the successful bidders, is estimated at \$10,000 and is to be paid by the successful bidders.

The application states that the Alabama Public Service Commission, the State commission of the State in which SEGCO is organized and doing business, has jurisdiction over the proposed transactions and that no other State commission and no Federal commission, other than this Commission, has jurisdiction over the matters proposed.

Notice is further given that any interested person may, not later than June 6, 1961, request in writing that a hearing be held on such matters, stating the nature of his interest, the reasons for such request, and the issues of fact or law raised by the filing which he desires to controvert; or he may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, Washington 25, D.C. At any time after said date, the application, as filed or as it may be amended, may be granted as provided in Rule 23 of the general rules and regulations promulgated under the Act, or the Commission may grant exemption from such rules as provided in Rules 20(a) and 100 thereof or take such other action as it may deem appropriate.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F.R. Doc. 61-4903; Filed, May 25, 1961;
8:47 a.m.]

INTERSTATE COMMERCE COMMISSION

FOURTH SECTION APPLICATIONS FOR RELIEF

MAY 23, 1961.

Protests to the granting of an application must be prepared in accordance with Rule 40 of the general rules of practice (49 CFR 1.40) and filed within 15 days from the date of publication of this notice in the FEDERAL REGISTER.

LONG-AND-SHORT HAUL

FSA No. 37148: *Fresh meats and packing house products to Florida points.* Filed by O. W. South, Jr., Agent (No. A4097), for interested rail carriers. Rates on fresh meats and packing house products, as described in the application, in carloads, from Evansville, Ind., Lexington and Louisville, Ky., Cincinnati, Ohio, St. Louis, Mo., and East St. Louis, Ill., to Fort Lauderdale, Jacksonville, Lakeland, Miami, Orlando, Pensacola, St. Petersburg, Tampa and West Palm Beach, Fla.

Grounds for relief: Unregulated truck competition.

Tariffs: Supplement 10 to Southern Freight Association tariff I.C.C. S-158—Supplement 10 to Illinois Freight Association tariff I.C.C. 950.

FSA No. 37149: *Gravel from Dickason Pit, Ind., to Illinois points.* Filed by Illinois Freight Association, Agent (No. 140), for the Chicago & Eastern Illinois Railroad Company. Rates on gravel, road surfacing, in carloads, from Dickason Pit, Ind., to Arthur, Cadwell, Findlay and Sullivan, Ill.

Grounds for relief: Motor-truck competition.

Tariff: Supplement 11 to Chicago & Eastern Illinois Railroad Company tariff I.C.C. 330.

FSA No. 37150: *Liquefied petroleum gas from Kearney, Mo.* Filed by Southwestern Freight Bureau, Agent (No. B-8022), for interested rail carriers. Rates on liquefied petroleum gas, in tank-car loads, from Kearney, Mo., to points in Missouri.

Grounds for relief: Market competition.

Tariff: Supplement 46 to Southwestern Freight Bureau tariff I.C.C. 4113.

By the Commission.

[SEAL] HAROLD D. McCoy,
Secretary.

[F.R. Doc. 61-4907; Filed, May 25, 1961;
8:48 a.m.]

[Rev. S.O. 562, Amdt. 1 to Taylor's I.C.C.
Order 132]

RAILROADS IN ILLINOIS AND MISSOURI

Rerouting and Diversion of Traffic

Upon further consideration of Taylor's I.C.C. Order No. 132 (Railroads in the States of Illinois and Missouri) and good cause appearing therefor:

It is ordered, That Taylor's I.C.C. Order No. 132 be, and it is hereby, amended by substituting the following paragraph (g) for paragraph (g) thereof:

(g) Expiration date: This order shall expire at 11:59 p.m., May 31, 1961, unless otherwise modified, changed, suspended or annulled.

It is further ordered, That this amendment shall become effective at 11:59 p.m., May 19, 1961, and that this order shall be served upon the Association of American Railroads, Car Service Division, as agent of all railroads, subscribing to the

car service and per diem agreement under the terms of that agreement, and by filing it with the Director, Office of the Federal Register.

Issued at Washington, D.C., May 19, 1961.

INTERSTATE COMMERCE
COMMISSION,
CHARLES W. TAYLOR,
Agent.

[F.R. Doc. 61-4908; Filed, May 25, 1961;
8:48 a.m.]

FEDERAL AVIATION AGENCY

[OE Docket No. 61-KC-36]

PROPOSED TELEVISION ANTENNA STRUCTURE

Notice of Airspace Objection

The Federal Aviation Agency has circularized the following proposal to interested persons for aeronautical comment and has conducted a study to determine its effect upon the utilization of airspace: KTIV Television Company and the Peoples Broadcasting Corporation, Sioux City, Iowa, propose to erect a television antenna structure near Sioux City, Iowa, at latitude 42°34'27" north, longitude 96°22'11" west. The overall height of the structure would be 3,049 feet above sea level (1,633 feet above ground). The proposed structure would replace two existing television antenna structures; one at latitude 42°32'33" north, longitude 96°23'34" west at 1,937 feet MSL (537 feet above ground); and the second at latitude 42°34'27" north, longitude 96°22'11" west at 2,046 feet MSL (633 feet above ground). The proponents stated that these two existing structures would be dismantled if the proposed structure is constructed.

Aeronautical objections were made in response to the circularization, and at the Regional and Washington Informal Airspace Meetings. The aeronautical study revealed that the proposed structure would constitute a hazard to aircraft operating in accordance with Instrument Flight Rules at current established minimum en route altitudes as follows:

1. At 3,000 feet MSL on the segment of Victor Airway No. 15 between the Sioux City, Iowa, VOR and the Sioux Falls, South Dakota, VOR.

2. At 3,400 feet MSL on the segment of Victor Airway No. 15E between the Sioux City VOR and the Sioux Falls VOR.

3. At 3,000 feet MSL on the segment of Amber Airway No. 4 between the Sioux City L/MF radio range and the Sioux Falls L/MF radio range.

4. At 3,000 feet MSL on the initial approach to Sioux City Municipal Airport along Victor 15 and Amber 4 from the north, and 3,400 feet MSL on Victor 15E from the north.

5. At 3,000 feet MSL on the missed approach for standard Instrument Approach Procedures AL-395-VOR and AL-395-RNG to Sioux City Municipal Airport.

The use of the above IFR minimum flight altitudes would be hazardous since the vertical obstruction clearance be-

tween the aircraft and the proposed structure would be less than that prescribed by applicable Agency criteria.

The study further revealed that if IFR minimum flight altitudes were increased to effect the necessary obstruction clearance above the proposed structure, an inefficient use of airspace would result as follows: The MEA on Victor 15 between Sioux City and Sioux Falls would be increased from 3,000 feet to 4,000 feet MSL. The loss of the important cardinal altitude of 3,000 feet MSL on this airway would seriously curtail IFR air traffic operating along this segment of Victor 15, as well as terminal operations at the Sioux City Municipal Airport. The Initial Approach altitude to Sioux City Airport from the north would be increased from 3,000 feet to 4,000 feet MSL on Victor 15. The altitude of 3,000 feet MSL is frequently assigned in IFR terminal operations at this airport and is alternately used by arrivals from the north and departures to the north via Victor 15. In addition, the missed approach altitude for the standard VOR and LF radio range instrument approach procedures to Sioux City Airport would be increased from 3,000 feet to 4,000 feet MSL, thus precluding the use of 4,000 feet by other air traffic north of Sioux City during the latter stages these instrument approaches are in use. Increase in the present lowest assignable

Instrument Flight Rules cardinal altitude above 3,000 feet for the above operations would derogate the safe and efficient flow of air traffic.

The proposed structure would exceed the Joint Industry/Government Tall Structures Committee criteria as applied to airports in the vicinity as follows:

1. It would be located 11.6 miles north of the Sioux City, Iowa, Municipal Airport and would penetrate the outer conical surface, 1,124 feet.

2. It would be located 9.6 miles northeast of Martin Field, South Sioux City, Nebraska, and would penetrate the outer conical surface, 1,226 feet.

3. It would be located 6 miles east/northeast of Graham Field, North Sioux City, South Dakota, and would penetrate the outer conical surface, 1,410 feet.

There are approximately 107 based aircraft, and approximately 91,294 aircraft operations per year at the above airports. During fiscal year 1960, a total of 1,160 General Aviation Aircraft filed VFR departure flight plans at Sioux City Airport. There were 180 VFR flight plans filed between the Sioux Falls and Sioux City Airport, and 140 between Sioux Falls and Omaha, Nebraska, Airports. Of these flight plans, 140 filed at an altitude of 3,000 feet MSL. In considering the effect of the proposed structure on VFR flight activity, recog-

nition has been given the fact that flights for which flight plans have been filed represent a minority of the total VFR activity. The proposed structure would be located within the airways north/northwest of the Sioux City VOR and within approximately three miles of a direct route from Sioux Falls Airport to Omaha or Sioux City Airports. The proposed structure would be in an area of concentrated VFR flight activities and would have a substantial adverse effect thereon.

Therefore, I find that the proposed structure at the location and mean sea level elevation specified herein or a structure at any height exceeding 2,049 feet MSL at this specified location would have a substantial adverse effect upon aeronautical operations, procedures and minimum flight altitudes and conclude that an objection thereto from an airspace utilization standpoint is hereby interposed by this Agency.

This finding will be effective on its publication in the FEDERAL REGISTER.

Issued in Washington, D.C., on May 19, 1961.

D. D. THOMAS,
Director, Bureau of
Air Traffic Management.

[F.R. Doc. 61-4888; Filed, May 25, 1961; 8:45 a.m.]

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